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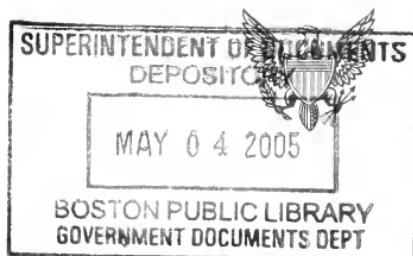
2003-2004/30

2005 Base Realignment and Closure

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**2005 BASE REALIGNMENT AND CLOSURE
PROCESS**

HEARING
BEFORE THE
READINESS SUBCOMMITTEE
OF THE
COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
ONE HUNDRED EIGHTH CONGRESS
SECOND SESSION

HEARING HELD
MARCH 25, 2004



U.S. GOVERNMENT PRINTING OFFICE

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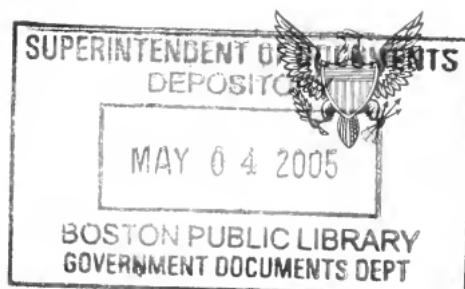
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THURSDAY, MARCH 25, 2004

2005 BASE REALIGNMENT AND CLOSURE PROCESS

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2005 BASE REALIGNMENT AND CLOSURE PROCESS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Thursday, March 25, 2004.

The subcommittee met, pursuant to call, at 1:05 p.m. in room 2212, Rayburn House Office Building, Hon. Joel Hefley (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. JOEL HEFLEY, A REPRESENTATIVE FROM COLORADO, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. HEFLEY. The committee will come to order. Today the Readiness Subcommittee will receive testimony from the Department of Defense and the General Accounting Office on the 2005 Base Realignment and Closure, or BRAC, process.

Over the past 4 months, DOD has met several statutory requirements in advance of the 2005 BRAC round. On February 12th, the Department published the final selection criteria that will be used to make BRAC decisions. Several Members have already expressed concern that the final criteria were identical to the draft criteria published in December of 2003, leading them to believe that the hundreds of public comments and concerns about the draft criteria were ignored by the Department.

I would like to ask our witnesses to address this perception and to explain why the Department decided not to make any changes in the draft criteria.

In addition, DOD published several documents required by BRAC law earlier this week, including a detailed Force Structure Plan that is based upon the assessment of probable threats over the next 20 years, a description of the infrastructure necessary to support the Force Structure Plan, and certification based upon the Force Structure Plan and infrastructure requirements that a round of BRAC is in fact necessary.

While the BRAC selection criteria might be considered the boundaries of the base closure process, the documents received this week are at the center of DOD's justifications for another BRAC round. As such, I think it is safe to say, the Members of this subcommittee are very interested in the Department's recent submission. Throughout the coming year, the Members of the committee will be asked by their constituents: Is a round of base closure in 2005 justified? Is it necessary? And is it timely?

Considering the number of open-ended challenges facing the Department of Defense, including the ongoing war against terrorism, the Global Posture Review, a tight Federal budget and a significant

and continuing transformation of our Nation's military, these are fair questions to ask.

Ultimately, we must be able to answer the question: Is 2005 the right time for another round of base closures? Should Congress consider delaying or even canceling the next BRAC round?

I ask our witnesses to address these fundamental questions. Before I recognize Mr. Ortiz for his remarks, I must make a few points to the Members of the committee. First, the legal requirements of BRAC dictate that the Department of Defense conduct internal deliberations without interference or undue influence. For this reason, our witnesses may be legally bound not to answer some of our concerns and questions.

While this may be a source of frustration, I hope that all of us will recognize the legal limitations to which our witnesses are bound.

Second, the Force Structure Plan and threat assessment received by the committee this week have classified elements to them. Should questions need to be addressed in a classified forum, I would ask our witnesses to defer their answers until a more appropriate time and place.

With that, I would ask Mr. Ortiz for any comments he would like to make.

STATEMENT OF HON. SOLOMON P. ORTIZ, A REPRESENTATIVE FROM TEXAS, RANKING MEMBER, READINESS SUBCOMMITTEE

Mr. ORTIZ. Thank you, Mr. Chairman, for convening this important hearing. I join you in welcoming our witnesses today.

On the first panel, we have my good friend Raymond DuBois, Jr., the Deputy Under Secretary of Defense for Installations and the Environment.

And Lieutenant General James Cartwright, Director Force Structure, Resources and Assessment (J8), Directorate of the Joint Chief of Staff.

You know, I also look forward to our second panel when Mr. Barry Holman, the Director of Defense Capabilities and Management at the General Accounting Office, and Mr. Michael Kennedy, the Assistant of the same office, will explain GAO's important role in this BRAC process.

Mr. Chairman, you put your finger on the questions that we have all wrestled with since we authorized BRAC, another BRAC round back in the year 2002 Defense Authorization.

Is 2005 the right time for another round of base closures? Should Congress consider delaying or even cancelling the next BRAC round that is coming up pretty soon?

We ask our witnesses to help us address these fundamental questions, but I would like to flesh out the context in which I think these questions must be answered.

First, everyone agrees that the world changed after the terrorist attacks on September 11th of the year 2001.

But there is no consensus on how to wage the war on terrorism, how our Armed Forces must change to meet the terrorist threat or how long the war on terrorism will last. Iraq is the obvious example

of a lack of a national consensus on how to wage the war on terrorism and the uncertainty that we, as a Nation, face.

Regardless of whether one believes OPERATION IRAQI FREEDOM is a wise or necessary part of the war on terrorism, we still do not know how many of our forces will remain in Iraq or for how long. The plain fact is that our national security strategy for the next 10 years or 20 years is still very unsettled.

Second, the decision to conduct a 2005 BRAC round was largely made before the September 11 attacks and signed into law before either the Administration or the Congress grasped the full implications of those attacks. The role of our Armed Forces is homeland security, especially the role of our Reserves and National Guard forces is still evolving and could change dramatically over the next few years.

Further, the Department is still conducting the Global Posture Review. Despite the original goal of completing this review by last July, the Department has only been able to provide Congress informal briefs on preliminary conclusions that still leave many questions unanswered.

The Department plans to incorporate the findings of this Global Posture Review into the BRAC process, but it will do so without formerly submitting the findings to Congress. The Global Posture Review decision will be fed into the BRAC process long before the congressionally appointed commission to review our overseas basing will have a chance to provide an independent assessment to Congress.

In short, Congress will not be able to review and consider the policy implications in any formal way and will only be able to approve the Global Posture Review indirectly by voting on the all-or-nothing BRAC recommendations.

Fourth, transformation is a buzz word that still means many different things to many different people. But clearly, the great technological advances that we are making will leave changes in the way our forces operate, train, and where and how they are based.

I am not convinced that either the Pentagon or the Congress really knows how transformation will change our Armed Forces.

And fifth, the one thing we know from our previous rounds of BRAC is that it is always more costly to close bases than originally estimated.

The Department's current estimates indicate that the closure will probably be in the ballpark of about \$15 billion. And we will not generate net savings until approximately the year 2011. This is at a time when we are now running record deficits with no end in sight. The pressure to reduce the deficit will grow greater, not less, in future years.

And defense will not be left off the table for long. This year's fight over the President's defense levels, both in the House and Senate budget resolutions was the first tangible signal that the defense increases are going to end soon, and cuts in defense are now conceivable.

Is this a time to incur large clean-up costs? When you put all of these factors together, I personally believe that a 2-year delay is a very prudent decision. Given all of the uncertainties, we cannot

afford to make mistakes in a 2005 BRAC round that we will regret just a few years later.

Once a base is closed, a training range forsaken, a harbor abandoned, it will be impossible for the Pentagon to ever get them back, in most cases.

I hope our witnesses will address your question, Mr. Chairman, but I hope they will do it in the context of all of the uncertainties about the future of our Armed Forces, and I thank you, Mr. Chairman.

And I welcome my good friends, the witnesses this afternoon.

Thank you.

Mr. HEFLEY. Mr. Ortiz already introduced our witnesses, so I am going to say, Mr. DuBois and General Cartwright, the floor is yours. I ask you to summarize your statements with whatever time you need. And then, all witnesses statements, without objection, will be entered into the full record.

So, Mr. DuBois, are you the lead-off hitter?

**STATEMENT OF THE HON. RAYMOND F. DUBOIS, JR., DEPUTY
UNDER SECRETARY OF DEFENSE INSTALLATIONS AND EN-
VIRO NMENT**

Secretary DUBoIS. Yes, Mr. Chairman. And thank you very much for calling this hearing. Many Members of Congress, including many of the ladies and gentlemen in the room today on the dias have commented on BRAC as has the Secretary of Defense.

And this is an extremely important hearing. And I appreciate the opportunity to be here. In order to briefly comment on the Chairman's remarks and especially on Mr. Ortiz' very thoughtful and considered comments, I would ask for a minute or 2 more than my 5 minutes allotted time.

As Mr. Ortiz mentioned, I am joined today proudly by General Jim Cartwright, otherwise known as Hoss Cartwright to his friends, who is the J8. He and I and several other members of the senior staff to the Secretary and the Chairman have worked the issues of BRAC almost on a daily and, certainly, on a weekly basis over the past several months.

I also want to note that with me today is my principal deputy, Phil Grone, known to many of you; as well as Pete Potochny, the director of the BRAC, OSD BRAC office; and Nicole Baird, from the General Counsel's Office, and as I have said before probably the world's leading expert on the legalities and technicalities of the BRAC statute.

Reference was made to the Secretary's report, which was delivered to the Congress—I have it here in my hand, I believe all of have you it—several days ago. He certified in that report, in fact on the very first page of it, that BRAC was necessary and that it will result—as the statute has required—in net annual savings no later than the fiscal year 2011.

Now, the post 9/11 world requires, in our view, in the Secretary's view, that we not delay rather that we accelerate the transformation of our military in several ways. Number one, we have to rationalize our infrastructure to our force structure.

Number two, we need to enhance the joint capabilities by improving joint utilization of our infrastructure.

Three, we have to convert the waste to warfighting by eliminating excess capacities.

And number four, reinvest those real savings in our Nation's capabilities, our Nation's military capabilities.

DOD has more base capacity than it needs to support its forces under any conceivable contingency. And we must focus, not divert, in our view, those resources to enhance military capabilities, including homeland defense.

The Secretary's view is shared by the Joint Chiefs, who unanimously agreed, as evidenced by the Chairman's memo in the report submitted to Congress, that BRAC is a critical tool needed now for transforming the Armed Forces to meet the probable threats to our national security. And I think it is also useful to note and to remember that in the weeks following, the weeks following 9/11, a historic letter was signed by eight former members, eight former secretaries of Defense, both Democratic and Republican, who pledged their unequivocal committee support for BRAC, precisely because of the events of 9/11.

BRAC 2005, as opposed to the four prior BRACs, indeed as the Secretary has stated on numerous occasions with respect to the assessment that he is making with respect to the military at large, is going to be a capabilities-based analysis. The Department recognizes that the threats our Nation now faces are, in some cases, clear and present and, in some cases, much more difficult to forecast through conventional analysis.

That realization, ladies and gentlemen, compels us to assess our force structure and the underlying infrastructure within the context of capabilities, capabilities that both force structure and infrastructure offer instead of viewing infrastructure and force structure in terms of sheer numbers, planes or airplanes or tanks, and also in terms of raw acreage or raw square footage of buildings or pier space or apron space or hanger space.

Now, just a brief response to Mr. Ortiz. We believe that the Congress and the Defense Department, the Executive Branch, share the imperative that we must retain the infrastructure necessary to accommodate the ability to surge. In fact, this very question was addressed by the Chairman of this full committee and the ranking member in a letter to the Secretary.

We believe that the Department is gauging its installations against a range of threats so that it can differentiate among and capitalize on those real property assets that afforded it our needed capabilities.

Now, we also recognize that we must focus on the elimination of assets, real property assets that, as has been in the four prior rounds; then our reconstitutable, in that, I mean, available to the Department of Defense through construction or purchase in the private sector.

While it is absolutely imperative—and I think we would all agree that we retain difficult to reconstitute assets like maneuver training areas, land maneuver training areas and air space. BRAC is not only an operational and financial imperative, it seems to me that there is also an imperative to do it now.

The Department has already begun the overseas infrastructure rationalization called the Integrated Global Presence and Basing

Strategy. In order to ensure that the Department examines the total footprint, our total footprint, in a comprehensive way, the rationalization of our domestic infrastructure will closely follow, must closely follow the overseas analysis.

Additionally, BRAC is necessary to select—the BRAC process is absolutely necessary to select the most appropriate sites that will accommodate forces that may return to the United States from overseas.

Now, how will we make those selections? How will the BRAC process make those difficult selections? By treating all military installations equally and fairly and using only certified data, pursuant to the statute, and basing all closure and realignment—and I underline the term realignment. It is oftentimes forgotten. Closure, quite frankly, ladies and gentlemen, may be a far less operative word in this year's BRAC than in previous BRACs. It is realignment that is critical.

We also are doing this on the basis of approved, publicly acknowledged selection criteria and a Force Structure Plan with military value as the primary consideration. In establishing the Department's approach, Secretary Rumsfeld has stressed the importance of creating a basing structure that puts a premium on joint operations and multimission training.

Now, when I testified before you all but a few weeks ago, we got into a dialogue about this issue of joint basing and joint training. It is extremely important. Many of you reminded me of the necessity to look at it in those terms, and we are.

Now, the Secretary's report, the reason that General Cartwright is here, provides a Force Structure Plan based on three factors: Number one, the 20-year threat assessment; number two, the probable end strengths and major force units to meet those threats; and the anticipated force funding levels.

Now, another key element. This, I think, is worthy of a moment or two. Another key element of that report is its discussion of excess capacity. But I believe it is extremely important to be clear about what that capacity discussion is and what it is not. It is a comparative snapshot of the Department's current infrastructure in its current configuration. It is not an analysis that takes into account potential reconfiguration, realignment or cross-service opportunities.

It is a discussion of categories, of excess capacity in the aggregate. The bottom line, Members of the committee, is that this report was a parametric projection of overall capacity mapped against overall force structure. And in our view, it clearly justifies the certainty, the certainty that we are trying to sustain far too many real property assets given the force structure that we have.

But I think it is important to remember that this excess capacity analysis will not be used, nor was it meant to be used, as the basis to close or realign any installation. Indeed, the Department is focused on the elimination of only truly excess capacity, that which is not important to preserving military value.

The Secretary has not established—I repeat—the Secretary has not established any quantitative capacity reduction target. Oftentimes, we have read in the press that because we rely on a 1998 study of 23 or 24 percent, 23 percent—and this most recent excess

capacity analysis—of 24 percent, that that equates to some kind of one-to-one ratio with installations. It does not.

We will not even—and I think this bears repeating—we will not eliminate assets even if they are only used marginally but have the underlying assessment of military value.

I am almost finished, Mr. Chairman. Now, wherever these assets are militarily important to the preservation of infrastructure capabilities, the Department must and will retain them and enhance them. This was a key consideration in previous rounds, and it is, in our view, even more important today.

Thank you, Mr. Chairman, Members of the committee, for your continued support for BRAC. It will ensure that the taxpayer gets their money's worth and that our men and women in uniform have the deployment platform, the installations, the tests and the training ranges that they deserve.

And absent successful BRAC, in our view, I think we will bear the burden of having failed to transform our infrastructure, which, as the Secretary and the Chairman of the Joint Chiefs have said on several occasions, that transformation of our infrastructure in many ways is a precursor to transforming the force.

Thank you, Mr. Chairman.

[The prepared statement of Secretary DuBois can be found in the Appendix on page 59.]

Mr. HEFLEY. Thank you.

General Cartwright.

STATEMENT OF LT. GEN. JAMES E. CARTWRIGHT, DIRECTOR OF FORCE STRUCTURE, RESOURCES AND ASSESSMENT, J8, JOINT CHIEFS OF STAFF.

General CARTWRIGHT. Mr. Chairman, Congressman Ortiz, distinguished members of the Readiness Subcommittee. Thanks for the opportunity to appear here today. And I will step through this quickly, because I think what we really want to do is get to the debate piece.

I would like to briefly comment on two issues: First, why we think now is the time for another round of the Base Realignment and Closure; and second, how we have improved our BRAC process to support this round.

We think now is the time to conduct another round of BRAC because it offers the Department the opportunity to transform and re-align its infrastructure. Today, we face a broader array of global challenges than we did in past BRAC rounds. We no longer focus exclusively on Cold War era threats and, instead, face greater levels of uncertainty and ambiguity as, we hear in the opening remarks. This lack of certainty and broader array of challenges underpins our requirement for adaptive, flexible capabilities.

As a result, we have moved away from threat-based thinking to capabilities-based planning. Our force structure must be more capable to address the broader range of challenges. We have transformed our approach to warfighting. Compared to our operations in DESERT STORM, our operations in both Iraq and Afghanistan were conducted under new operational constructs with greater emphasis on joint capabilities to achieve these effects.

Now we need to align our infrastructure with our joint capabilities. As we continue to transform our forces, we need to analyze supporting infrastructure to discover opportunities to hasten that transformation. As General Meyers has stated, BRAC offers a critical tool to turn transformational goals into reality. We think we are better prepared and organized to make Department-wide transformational recommendations under BRAC.

In prior BRAC rounds, we tended to address service-specific efficiencies with a Joint review at the end. In this round, the Department will gain a Joint perspective from the beginning. Both the Chairman and the Vice Chairman sit on the Executive Oversight Councils. And the Secretary has commissioned seven joint-service, cross-service functional groups to analyze common business-oriented functions.

These groups not only analyze the infrastructure related to their functions, they also rationalize the functional capabilities across all of the services. Their work strengthens joint capabilities. It is the type of capabilities-based approach we need to conduct.

Our BRAC process will enable us to align our infrastructure to create more flexibility and adaptability.

The current global environment requires this. Again, thank you for the opportunity to address you today. And I stand ready for your questions.

Mr. HEFLEY. Now, we asked you, under the BRAC law, to look out 20 years and make some kind of a guess about what we are going to need out 20 years. We all know that we can't do it. Who would have dreamed that we would be in a worldwide war on terrorism today just a few years ago?

But considering that the BRAC closure and realignment decision will be based on this look ahead, how much confidence do you have on your look ahead, and how much hedge do you have in case we misjudge that look ahead?

General CARTWRIGHT. I will certainly start. One of the attributes of this round of BRAC is that we look out 20 years versus the shorter look of 5 years. That has a strength, and it certainly has a fragility as we look at 20 years out and try to understand what the world might look like.

The good side of that equation, for sure, is that both in what we have in the program that we can take a serious look at and know what that is going to do in the way of our force structure and our equipment that we buy is known.

The idea of looking 20 years out is not that we have a better crystal ball somehow to look out there, but the idea that we can take the capabilities that we know that we have in our program today, that we can see that we are going to bring in our program in the future and try to match them against the range of ambiguity that is out there.

And does it expose any areas that we ought to take a serious look at? And that should be a serious consideration in both our equipment and force structure as well as our basing and infrastructure.

Secretary DUBoIS. Mr. Chairman, the Secretary made the observation the other day that when we first began to discuss the possibility of a BRAC round with you all, in the summer of 2001 and

the fall of 2001, he had remarked the difficulty attempting to making a force structure analysis out 20 years.

I think that the OPERATION IRAQI FREEDOM, OPERATION ENDURING FREEDOM, the lessons learned from those two campaigns, have, both in terms of the Secretary and in terms of the Chairmen, made them much more confident in the report that they have given to you today, by virtue of the fact of what we have seen what we are doing to transform the force, what kinds of impacts or shall I say yields that that results—that that assessment has given us in terms of how we need to restructure our infrastructure.

So I think there is a degree of confidence, recognizing as General Cartwright said, the further one gets out, the more fragile the prediction.

Mr. HEFLEY. Well, you know, I hope it is better this time than it has been in prior rounds, because we made some serious mistakes in prior rounds that we realized very, very quickly that we had made those mistakes.

I illustrate that with Mr. Taylor's favorite, Cecil Field in Florida, a terrible mistake, and now we are scrambling around trying to replace it and so forth.

Mr. Ortiz.

Mr. ORTIZ. Yes, sir. A lot of things are happening. An example is that we didn't know that we were going to be in Haiti. We are there now, 2,000 Marines. We didn't know that Bosnia was going to flare up and 10 people killed. So we don't know what to expect.

But, let me go back to my question, you know. Given the importance of ensuring that the public understands how BRAC works and the safeguards to make sure decisions are made strictly on military value, shouldn't the Department of Defense release the subcriteria that it will use to evaluate installations in different categories, depots versus maybe aviation training installations? Maybe you can give us—enlighten me.

Secretary DUBoIS. Mr. Ortiz, you use the term subcriteria. Let me use the term that I think is more pertinent, that is, the guidance that the Infrastructure Steering Group will give to the Joint cross-service groups. That implementing guidance, if you will, is going to be extremely important. As that guidance is embraced and encompassed in official documentation from the Secretary, it is releasable at this time to the public, number one.

Number two, the particulars, the actual documents themselves, the individual deliberations and documents that are dealt with by the joint, cross-service groups, are also releasable to the public at the time the Secretary makes his recommendations. This is what we believe to be the most transparent of BRAC rounds. But there are—there is a timing issue here. If that is what you are focusing on, I would agree.

However, there is a 5-plus month period that the commission is going to assess the recommendations of the Secretary. But, to the extent that subcriteria, to use your term, implementing guidance to use our term, is codified in a Secretary's directive to the joint, cross-service groups, it would be releasable. But the individual documents themselves are also releasable at the time of the recommendations submitted to the commission.

Mr. ORTIZ. Will they be released in time for the Congress to review this information?

Secretary DUBOIS. Again, I don't think that the statute allows us—as the Chairman himself has said, there are deliberative documents that, by definition, would have to be protected within the deliberative process of BRAC. And that is something that you all placed upon us, I think quite rightly, and we would have to be mindful and honor.

Mr. ORTIZ. I understand that. But, the reason I am asking you is, because when it comes to us, it is going to be an up-and-down vote, yes or no, no in-between.

Let me ask you another question again. You know, why should states and local communities have to wait until May, and it goes back to almost the first question, 2005, to see what specific factors or metrics that the department will be using to evaluate the military installations?

Secretary DUBOIS. Sir, as we have discussed before, the issue of selection criteria is public knowledge. In fact, a considerable amount of paper and lines and ink was spent on that Federal Register announcement in addressing the various issues that were raised by a number of Members of Congress.

The deliberative process is, by definition, a complicated one, and one that you yourself, the Congress of the United States, wants to protect. The individual communities have, it seems to me, several ways to input their views, not the least of which, as I indicated, is the process by which the commission assesses the recommendations of the Secretary.

Indeed, over the last several months, a week does not go by where I am not asked to meet with a State delegation, a delegation that a governor brings in with respect to mayors and county commissioners and others to explain, as best I can, the process that we are undertaking.

In many cases, I have been asked to receive, if you will, a notebook bigger than the one that I have in front of me from various communities that is their input, their assessment of the military value that they believe the military installations in their vicinities offer.

And we accept those. We do tell the communities, the governors, the Members of Congress, that the opportunity to make your case, should that opportunity be necessary, is most appropriate, pursuant to the statute, for that period of time that the commission, and it is, really, essentially from the time that the commission is stood up. The President must make those nominations no later than March of 2005. And the commission could conceivably start to work relatively soon thereafter, until September. That is a fairly long length of time.

Mr. ORTIZ. I am going to make a short statement. The thing is that the communities have to endure a very high cost as they get ready to defend those bases. I know that, as you look around and you talk to your friends that have military installations, all of the communities are up in arms, wanting to see how much money they need to raise to defend those bases. So it becomes a very costly process to the local communities. That is not a question. That is just my statement.

And thank you, Mr. Chairman.

Mr. HEFLEY. Mr. Rogers.

Mr. ROGERS. Thank you, Mr. Chairman.

Mr. Secretary, earlier, you stated that we have excess capacity for any conceivable defense scenario. How do you define capacity in that statement?

Secretary DUBOIS. The capacity analysis that was submitted, as I indicated in my opening statement, was assembled by category in the aggregate. It was assembled by administrative types of facilities and buildings and activities on installations. It was assembled by so called supply-and-storage activities.

Now, I also think it is important—I did not say that the excess capacity analysis, which is a part of this report, is necessarily going to determine the fate of a given installation.

Remember, installations today, as opposed to 25 years ago, are not necessarily single-service, single-mission. They are multiple-service, multiple-mission, which, quite frankly, complicates the task in front of us. But it also, I would submit, makes bases that were not multiservice, multimission in the past in the concert of military value, probably more valuable.

I also said before this committee once upon a time that it is important to recognize that installations will be graded, if you will, on a military value scale, those first four of the eight criteria. But military bases will also be valued in a military sense, together, bases against each other, if you will, in areas and categories, but also some bases in a region, together, might have—and this is a hypothetical, and you can understand why I wouldn't want to get into details, might have a higher military value together; the sum of the parts is greater than the individual.

So it is going to be a difficult task, but one where we believe, on the basis of what we have seen to date, that overall, there is still excess capacity under any scenario that we can imagine, and any force structure that is current or projected.

Mr. ROGERS. See, that is what I don't understand. You talk about it being a capabilities-based analysis. And you state categorically that we have excess capacity. But in this room, we hear consistently in testimony that we have a force structure problem at present, a very real one with the presence that we have around the world and the threats that we see on the horizon.

So given that admitted force-structure struggle and given that we are at the beginning of a transformation process, I don't know how you can accurately make that assessment. Would you not acknowledge that we have some force-structure challenges?

Secretary DUBOIS. I think the Chiefs have—and certainly the Chief of the Staff of the Army has testified in front of this committee as to his plans for restructuring, in many respects, the United States Army, moving to more modular units of action and units of employment.

Perhaps General Cartwright might want to respond briefly.

General CARTWRIGHT. Well, it is clear that we have those challenges and that we are addressing those challenges, and that each of the services are trying to come up with a road map or set of capabilities that will address both of those challenges and where they see us going in the future and that as we approach those types of

issues from a basing and infrastructure construct, what are the attributes of the force that we want to build for the future? Where are the services moving to give us the capabilities that we think we are going to need in the future?

And there is ambiguity there. To the extent that we can match the infrastructure to the way that we are going to present our capabilities in future is the desire here.

Mr. ROGERS. Well, see, that is what I don't understand. Based on what I am hearing from folks like you and General Schoomaker, we don't know yet what those force structure demands are. And I don't understand how if you don't what those demands are, you can categorically say, but we know that we have excess capacity.

Secretary DUBOIS. Mr. Rogers, I think that the Chief of Staff of the Army made the definitive statement that while he would like to have 30,000 more in end-strength, he wanted that 30,000 more troops in end-strength for the purposes of restructuring and recalibrating and rebalancing the active duty 482,400 authorized end-strength of the United States Army.

But that was for a temporary period of time. While, imagine if you will, that the Chief of Staff—not that he gets to this level of detail, but someone on his staff is going to get to this level of detail, saying, we have too many 96Bs, military occupational specialty, of which I was once one, to a 71C. These kind of adjustments are going to take time. And say the Chief of the Staff of the Army has asked for a buffer zone of end-strength in which to do that, but to draw back down to the 482,400. That end-strength number is important to keep in mind.

The Secretary of the Army Les Brownlee and the Chief of Staff General Schoomaker aren't saying I need an end-strength number increase permanently.

Mr. ROGERS. I will ask my other two questions later.

Mr. HEFLEY. Dr. Snyder.

Dr. SNYDER. Thank you, Mr. Chairman.

Thank you gentlemen for being here. I appreciate all of your work.

Mr. Secretary, I wanted to ask you about this excess-capacity calculation. And I think I understand what you are saying, which is, you all had to reach a threshold question of whether you had excess capacity. You have done that through this document. But the whole process starts over when you start going through a round of base closure, and this may—it will be looked at differently. It will be a fresh look. I think I understand that.

But this is still the information I think that a lot of Members are looking at on this round. I don't think I understand the—I thought I understood coming in here. I am not sure I do now, but why do we use 1989 as a baseline?

Secretary DUBOIS. In terms of force structure, Mr. Snyder?

Dr. SNYDER. It says you are using 1989 as a baseline in determining excess capacity.

Secretary DUBOIS. Well, we thought that—not we thought, the issue of wanting to use 1989 in terms of a force structure baseline would, in any conceivable way, make our outcome, we believe, conservative.

We didn't want to try to inflate excess capacity by any means. But the 1989 force structure is much greater than it is today. And by saying 1989, at that force-structure level, much higher than it is today, we, even with today's infrastructure, have excess capacity.

If you were to use the 2004 force structure, that excess capacity analysis would yield larger numbers. But, we said no, let's do the same thing that we did in 1998 so that there is as best an apples-to-apples comparison as possible and still be conservative.

Dr. SNYDER. So I will put it in a way that I can understand it. So you took the number of planes, the number of troops that we had in 1989 and made a determination of, if you had to sprinkle them through all of the bases that we have today, not in 1989, and then you looked at your bases and figured out, you still had this much capacity, even if you took 1989 equipment and troop strength and put them into today's geography. Is that what you are saying?

Secretary DUBoIS. Yes, sir. I would also add, I think that this is an important factor. It gets back to Army end-strength issues that Mr. Rogers addressed, that all of you have, in one way or another, talked about.

In the United States Army today, in uniform, on active duty, on the payroll is 645,000 men and women, considerably higher than the authorized end-strength that the Congress has placed on the Department of Defense.

Now, where do most of those young men and women come from? The Guard and Reserve components. That surge has clearly been accommodated. Most of that surge, of course, is somewhere in Southwest Asia and not here. But I think it is important to note that, even under these circumstances, our infrastructure has not been challenged, if you will.

But, Mr. Snyder, you raised a very good point. I am glad you have. Because I think it underpins the conservative nature of our analysis.

Dr. SNYDER. I think it does, too. I appreciate what you said earlier, Mr. DuBois, as one of the supporters of another round of base closures.

But in your written statement and in your oral statement, you talked about a process which treats bases equally and fairly—was, I believe, your words. The last time you were here, we had a brief discussion about whether a community should hire lobbyists or not, which I think every Member has dealt with, and it seems like that is going on a lot.

But in your answer, what you said was that you thought the best spokespersons for the bases were the Members. And that made me feel warm all over until I started thinking about it. Now, wait a minute. To treat bases equally and fairly means, in fact, I think Members need to be kept out of the process, unless there are clear, public, transparent places where they can input the process.

Would you talk about that in a little more detail, about what role do you see individual Members have with regard to their specific bases as this process unfolds so that everyone is treated equally?

Secretary DUBoIS. As I look around the dias, I see easily eight, nine, 10 of you with whom I have had discussions about installations and environmental issues, that portfolio that I have shouldered for the last 3 years.

My remarks with respect to lawyers, lobbyists and consultants were not meant to position or point-counterpoint Members of Congress versus large lobbyists and consultants.

It was, however, as the Secretary of Defense stated and in my view, communities who expend dollars on assessing those services that they have provided or might provide to military installations in their vicinities, transportation, infrastructure, and schools and health care, and housing, those things that every American family are concerned with, is, in my view, absolutely the right expenditure of money.

I am not so sure that dollars need to be expended on consultants and lawyers or lobbyists in Washington, D.C., in respect to this process, which is, in our view, constructed in such a way as, A, to insulate it from outside influence of any kind; B, by statute the Congress recognized that there had to be a way to diminish, to the extent possible—and let's be perfectly frank about it—parochial political interest. And we believe and I think you have embraced a process that does just that.

Mr. HEFLEY. Mr. Marshall.

Mr. MARSHALL. Thank you, Mr. Chairman.

Mr. DuBois, from the 2000—pardon me, the 1995 BRAC round, what I understand is that we had cross-service teams, and then we also had service-to-service teams. And this 2005 round contemplates a similar organization, where there will be cross-service teams and service-to-service teams.

And I find myself wondering how that will work. How do you get an evaluation of an installation like Robbins, for example, which is right in the heart of my district—and Robbins has 23,000 employees. It houses over 60 military units. It is has a blended wing, from Joint Stars, Air National Guard and Army. It has a depot, supply, just—it is truly a multimission installation.

And so I assume that you will have cross-service teams looking at the depot capabilities and the supply capabilities, things like that, and that you will have service-to-service teams looking at all of the individual military missions for all of the separate services that are stationed at Robbins.

I guess I find myself wondering that, for a base that has such a multimissioned capacity and capability and operation, how do you blend the cross-service analysis with the service-to-service analysis to come up with an overall evaluation of the military value of the base?

Secretary DUBoIS. Mr. Marshall, you have put your finger on an issue that points to the complexity of this particular round, but it also points to, I think, how we have effectively addressed that complexity.

Prior rounds, 1995 in particular, as you mentioned, did have cross-service groups. But, let me suggest that in 1995, those cross-service groups were allowed to make analyses, but not make any recommendations. And they were done in isolation from the services, and the services were done in isolation from each ear.

Secretary Rumsfeld, based on many comments and criticisms from Members of Congress chose a different path, a much more joined and integrated path from day one, more particularly to installations such as the one you have referred, that are our multi-

mission certainly. I think they are advantaged in the process we have established in two particular ways, and you have touched upon them both.

One, the joint cross-service group for industrial activities, for instance, that look at logistics processes and activities will have an opportunity to determine the military value of that particular activity on that particular installation.

Indeed, and in addition to which, the United States Air Force, in your case, will look at Warner Robbins as an installation, as an operational installation with a wing on it and also come to a conclusion about military value.

The military value will be blended, if you will, both looked at independently or individually in terms of activity, but the infrastructure steering group, made up of the four Joint Chiefs, the four Vice Chiefs, the three Assistant Service Secretaries and the Vice Chairman of Environment, the Vice Chairman of the Joint Chiefs, the Under Secretary of Acquisition and myself, have the obligation to do what you have just posited, which is to make sure that these things are balanced and taken into consideration in an integrated fashion.

Mr. MARSHALL. So it is the latter group that you identified that would be taking into account the evaluation made by the cross-service teams and then the evaluation made by, in this instance probably the Air Force. And I don't know of any other service that has command or operations at Robbins.

Secretary DUBOIS. We know it is imperative to look at both pieces.

Mr. MARSHALL. You don't have in mind, at this point, a mechanism for how you would blend those two evaluations to come up with an overall evaluation? That is going to be developed on-the-fly?

Secretary DUBOIS. I think it is important. The infrastructure steering group has already raised that very issue. And we are trying to figure out both time—at what point in the continuum do we drop it, if you will, do we discuss it, do we—and in point of fact, we figure out how to integrate it.

But the deliberation as you can—as we have already discussed, is in itself a closed deliberation, close quote. But as I also indicated, some bases are going to have a very high military value. Some bases will have a lower military value.

But, if the lower military value base, in conjunction with some other bases in the region, customers, suppliers, may together have a higher military value, I just don't know how that deliberation is going to come out. But I think it is important to note that we have taken into consideration those kind of circumstances.

Mr. MARSHALL. I see my time has expired. Will I have an opportunity to ask an additional question after others?

Mr. HEFLEY. Perhaps we will have another round. We do have another panel. So we may not get to another round. But we perhaps will.

Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman.

Mr. DuBois, in prior testimony, you indicated that the Department's recommendations would be based on certifiable data. Obvi-

ously, much of that—and we have discussed in different ways today—will be reflected in the responses you receive in your data calls from base commanders.

Local communities, State officials are anxious, as we are, to share with the Department any and all information they can assemble regarding initiatives that they are taking to support the military.

Can you define certifiable data in daily, everyday common terms and language to help the Chamber of Commerce and Members of Congress and others focus in on what would be helpful for you, but most especially to support their bases?

Secretary DUBOIS. Certifiable data, as the statute provides, the data which the installation commander or the activity commanders on an installation provide up to their services, Army, Navy, Air Force, so forth, it is by definition deliberative when it comes together. Not that, how many square feet of class or office space do you have, how many square feet of runway space do you have, how many square feet or linear feet of pier space do you have—the individual pieces are just that, individual pieces of raw square footage.

But brought together in Washington, brought together, it becomes a part of the deliberative process. And I think that anyone would agree that once you bring it together, once you begin to work with it you have to protect it somehow. And we have a process by which we do protect it.

Now, the individual installations, if I were a mayor, county commissioner, governor, it is already known to me what activities exist on that base. In many cases, it is on the Web site of that installation.

Now, it is true that since 9/11, as we all know, certain pieces of information heretofore not considered sensitive, but post-9/11 considered sensitive, have been withdrawn from the public view from those Web sites.

I did indicate also that a week doesn't go by where I don't receive a report, an analysis, an assessment, a letter, pertaining to an installation's activities in a given community.

In fact, I often times receive information about the totality of the economic impact, which is a requirement under the selection criteria to consider. We take that into consideration in our process.

Secretary DUBOIS. But the certifiability of the data is that which has been asked for by the military department and that which is provided back to the military department. It must be certified by statute by the installation commander. He is essentially saying, "On my honor," or, "I pledge that the information I am giving you, Secretary of the Army, is accurate and true."

Mr. HAYES. Thank you, I understand the mechanics, but I need more specific information if we are to address that later. Maybe you could give a data call to us so that we could provide that to folks outside the military.

The second question, in North Carolina, we are fortunate to have all services represented in close proximity. Jointness is an everyday activity. General Cartwright, the Marines use our artillery range at Bragg. Bragg uses military installations at Cherry Point for infantry maneuvers. How does that affect the process, these factors? Talk about how they work into the process.

Secretary DUBOIS. Well, the key to the process and the approach here is to train to base—do all those things in a joint manner like we want to fight. And to the extent that it is more than just an aggregation of multiple organizations in one facility, it is more about how are we going to use those capabilities, the infrastructure, the base, the air, whatever, to bring together the forces in a way that is more realistic and more appropriate for the way they are going to train?

It is very seldom any more that we are going to go anyplace as a single service. Anything that we do is going to be an integrated joint activity. Witness the difference between DESERT STORM, which was a good operation, to what we did in this most recent set of conflicts and how we fought. We have to take that ability and translate it back to where we train, where we raise our people, where we billet them, et cetera, so that we get that joint capability and synergy as early as we can into the process and that we live it.

Mr. HAYES. So you are saying, it is a good thing, and we are in great shape in North Carolina, if I can translate that.

Thank you, Mr. Chairman. I forgot to mention Seymour Johnson. Walter will be mad at me.

If you give me some more information, Mr. DuBois, on the things that Chambers of Commerce and others are bringing to you, it might well be the best we could get for you. Any help there, would be appreciated.

Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you, Mr. Hayes.

We are going to stand in recess for just a few minutes. This is just a single vote, so we will be back. I encourage the committee to come back as quickly as you can, and we stand in recess.

[Recess.]

Mr. HEFLEY. The committee will come back to order, and please excuse the delay, which we, as you know, cannot help.

Mrs. Wilson.

Mrs. WILSON OF NEW MEXICO. Thank you, Mr. Chairman, and I also appreciate your holding these hearings.

There is, I think, growing anxiety on this committee among those who have supported BRAC or supported it cautiously, and those who have opposed it. And I think it is important to understand why.

We have a multi-step process that we are really just beginning on, started out with Cold War criteria that were released by the Defense Department, a period of public comment, dozens, if not hundreds, of comments received by DOD, all of which were ignored, even the common sense ones that were submitted by disinterested parties.

Then this week, we had the kind of third major step, which was a report that I read last night about excess capacity. And it is required by the statute for the DOD to certify that there actually is excess capacity and provide the analysis of it. I read it last night, and I have some questions about it.

But I started out with several questions in the front end because it talks about a very important parametric analytical approach and how this was so significant, and I had not heard of that before. And

as I went through it and got to the back on the methodology for determining that we have excess capacity, which was, of course, in the newspaper for the last 2 days, about 24 percent excess capacity, I was stunned.

Take R&D bases, for example, test-and-evaluation facilities and laboratories. The Defense Department's, as I read this, method of determining that you have excess capacity is to take the total number of square feet of your buildings and divide it by the number of procurement agents and compare what that was in 1989 compared to what you expect it to be in the year 2009 and come up with a conclusion that you have 62 percent excess capacity.

I do not know of any CEO in America who would decide that they have excess capacity, physical plant, in their R&D operation by taking their square footage and dividing it by the number of purchasing clerks they have. That is silly. And what it does is undermine the confidence this committee has that the DOD has the analytical wherewithal to make reasonable decisions that all of us can be comfortable with.

And in fact, I have an equivalent analytical approach to determine how much excess capacity we have. It is a parametric analytical approach. And, well it is a two-step process. The first one is a seven. And since we need probably more than that, I am going to add a zero to it. So I have just determined that the Defense Department has 70 percent excess capacity, which is pretty close to the number you got. So I can sign off on that, and the committee can have as much confidence as we do in the report that you just gave us.

Now, at least for airplanes and air bases, you come up with something where the enumerator is in some way related to the denominator, which is, you determine excess capacity by figuring out how many parking spaces you have per airplane, pretty much.

This doesn't cut it. And I would like from both of you to explain why you think this is sufficient for the Secretary of Defense and the United States Congress to believe that you have a handle on the task in front of us?

Secretary DUBoIS. Congresswoman Wilson, you used the term purchasing agents. The acquisition workforce is not just purchasing agents. It includes all the scientists. Acquisition workforce is a basket term, if you will, acquisition technology and logistics.

I would also suggest, as I said in my opening remarks, that the excess capacity analysis is not the basis by which an individual installation, an individual installation is going to be closed.

Mrs. WILSON OF NEW MEXICO. I am not assuming that it is. You were asked to give us some analysis that shows you have excess capacity. If you were still in Digital Equipment Corporation, you would decide you have excess R&D capacity by dividing your square footage by the number of people who work in acquisition, by any definition?

Secretary DUBoIS. I think that the Joint Cross-Service Group on Technical and Labs, headed by Dr. Sega, the chief scientist of the Department, is going to make the decisions as to excess capacity not necessarily on the basis of the report or the analysis that was submitted in this report, as you and I have discussed before. He

and his team, made up of all the services, are experts at assessing the military value of an R&D or a laboratory.

Mrs. WILSON OF NEW MEXICO. Should we dismiss this report that we received 2 days ago?

Secretary DUBOIS. Not at all. I think that, as I said, the excess capacity analysis was done on a parametric basis in the aggregate to assess whether or not on the basis of a 1989 force structure, did the current infrastructure—was there still excess capacity in the aggregate by category. And we believe the excess capacity analysis demonstrates that.

Mrs. WILSON OF NEW MEXICO. And you have looked at this methodology, and you think this is adequate for the Secretary of Defense and for the United States Congress?

Secretary DUBOIS. Yes, ma'am.

Mrs. WILSON OF NEW MEXICO. Mr. Chairman, I have no more questions.

Mr. HEFLEY. Would you express more clearly, Mrs. Wilson, how you feel about the process?

Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

And, thank you, gentlemen, for being here and, again, thank you for what you do for our Nation. I certainly disagree with you on this issue, but I want you to know that I value your willingness to serve your Nation.

Mr. DuBois, today is budget day. In a little while, we are going to accept the President's budget. I did a little research, and in fiscal year 2002, the Budget Conference Report, passed by the House on May 9, projected an on-budget surplus of \$161 billion. A surplus. Instead, fiscal year 2002 ended \$317 billion in deficit. So the President's projection was wrong by \$478 billion.

In 2003, the President's budget, passed on March 20, showed an on-budget deficit of \$225 billion. Instead, the year ended with a \$536 billion deficit. So once again, the Administration budget projections were off by \$311 billion.

The fiscal year 2004 conference report projected a deficit of \$558 billion. By February, OMB estimated the 2004 budget deficit would be \$675 billion. So with more than half this fiscal year still ahead, the budget is already wrong by \$117 billion.

I say all that to say that when you send me a publication predicting budget savings, you don't say which bases you are going to close. You don't mention the cost of what it is going to cost to clean up those bases you are going to close. You don't mention, like in the case of Cecil Field, what you are going to have to buy to make up for what you gave away. You don't mention the cost of housing that we will have to replace and the hospitals we will have to replace.

I have to say that, when it comes to other people's money, this Administration's powers of prognostication have been pitifully poor. And to ask me to give you my constitutional responsibility, to delegate it to some people appointed by the Administration to make those decisions that the Constitution very clearly gives to me and every Member of this body, I am not going to do that.

Okay, having said that, I tried to scan through your presentation. Over the years, as different people appear before this com-

mittee, very good secretaries, very good generals and admirals, they have talked about force protection. Very good secretaries, admirals, and generals talk about quality of life, health care, schools, housing. I have heard very smart people talk about encroachment, how important it is to have bases in neighborhoods that will work with us so that we don't have encroachment. I have heard people talk about the horror stories of the unanticipated \$14 billion cost of cleaning up bases that we closed, in many instances just to give away.

To what extent are those factors going to be considered in this round of base closures? And, again, I hope to be here for a while. The citizens will make that decision. But for every wrong decision, I am already dealing with \$1.445 trillion of new debt just in the past 3 years. So those are some bad decisions that I have to deal with. Dealing with replacing people's housing, where they are going to eat, where their families are going to live, we cannot afford many more mistakes like that.

Secretary DUBOIS. Mr. Taylor, you raise issues that pertain to the determination as to whether or not savings existed in the past. As we have discussed, both GAO and CBO have stated that the savings are real and continue.

Mr. TAYLOR. If I may, sir. The GAO says here that they can't predict savings and that the numbers that you use are fuzzy, at best.

Secretary DUBOIS. You are correct to use the term imprecise, but I believe—I don't have the quote in front of me, but they say the savings are real and persistent.

It is a fact that in the Selection Criteria Number Five, and I quote, "The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure and realignment, for the savings to exceed the cost." that is a crucial selection criterion.

Mr. TAYLOR. If I may, to what extent will the Base Closure Commission—because we know that force protection is important and we had a very strong reminder of that 3 years ago in September—to what extent is force protection a factor?

We know that quality-of-life is a huge factor, particularly in those forces that try to get close to half their people to reenlist every 4 years. To what extent is that a factor? To what extent is the good will of a community, those communities that voluntarily restrict the height of buildings around their runways or tell people that when they are getting ready to buy a house near a firing range, that they had best anticipate that there will be some noise there and a lot of it is going to be at night because we train at night and aren't encroaching?

These communities are trying to work with us. What value, for example, will be given to the citizens of Mississippi, who paid \$20 million to build a causeway to an uninhabited island so that the Navy could use it, or the county—and not a wealthy county—who paid for the utilities to go there? What value do they get for their investment and to what extent will that be taken into account?

Secretary DUBOIS. I believe it will be taken into account in terms of military value. Military value—a number of the issues which you

have just articulated enter into, it seems to me, the military value assessment.

Mr. TAYLOR. Do you know that or do you think that?

Secretary DUBOIS. No, no.

Mr. TAYLOR. Is it spelled out? Is quality-of-life spelled out? Is force protection spelled out? Is housing? Is hospitalization spelled out?

Secretary DUBOIS. Anything that has already been done in that community to contribute to the military value of that installation is considered under the BRAC process and that includes force protection, many hundreds of millions of dollars, by the way, which has been already invested over the past 3 years in anti-terrorism force protection, both technologies and barriers and perimeter issues and guards, all enter into the calculation of military value.

You mentioned the causeway. That is clearly a piece of the military value. You mentioned land-use controls in and around a base to mitigate and/or prohibit encroachment, especially important in terms of Air Force installations, that contributes to the military value of that installation.

Mr. TAYLOR. Do you factor in the cost of building new houses to make up for the ones that we are shutting down?

Secretary DUBOIS. Yes, the cost and savings have to be articulated, have to be quantified when the recommendations go to the commission—the Secretary's recommendation goes to the commission.

Mr. TAYLOR. One last point, during the Clinton Administration, my office, and I presume every office, was besieged by angry letters of military retirees who felt that they had been betrayed on the promise of lifetime health care. Because as we drew down, we drew down the number of doctors, and it got harder and harder to be treated at the military treatment facilities. We were able to determine that over half of our Nation's military retirees live very close to a base so they can use that hospital.

And not only were we besieged by letters, these letters were also making their way to the letters-to-the-editor encouraging young people not to join. The words betrayal were used regularly—and much harsher terms than that—telling kids, "Don't join. They lied to me, they are going to lie to you."

To what extent will the Base Closure Commission take into account the hardship that will be placed on those military retirees who live near a base if that base and its military treatment facility are closed? Or do you just go back to ignoring them, like they think the Administration and others do?

General CARTWRIGHT. Clearly—and I will jump in for a second, because the retiree community is one that you accurately portray as having a direct link to our ability to stand up and continue to support our force—this committee and certainly the Congress has done a lot to create health care, to create a benefit system that allows our retired community to not have to reside so close to bases as we did before.

And a lot of the discussion that you have on health care are changes that have occurred independent of BRAC, from the standpoint of how many doctors are at a base and the access to different facilities and functions there.

So I think it is important. I think it is something that we are considering, and it is something that clearly relates, as you put it, directly to our ability to sustain the force. So it has to be considered.

But you have gone well beyond just considering. I mean, the Congress has taken action to give these benefits and create these benefits.

Mr. TAYLOR. Since you gave me the opportunity, General, again, over half of them intentionally retired near a base. They are getting up in age. They thought that hospital would be there forever. They do not want to pick up and move when they are 80 years old to go find another base. And quite frankly, they knew they had the choice of going to a private sector doctor or going to a base hospital. They want to go to the base hospital. They like being called colonel or master sergeant or chief. That is their family, and they do not like the idea of their family moving and leaving them behind.

And I really foresee, and I would sure hope that you folks would play this into your equation, that you are going to have a lot of angry retirees writing letters to the editor once again saying, "Don't join, they broke their promise to me." for a while, I think we fixed it. Why are we now reopening that can of worms?

Secretary DUBOIS. Mr. Taylor, the impact of a closure or realignment on a local community, including military retirees residing therein, will be considered in the Selection Criteria Numbers Five, Six, and Seven. And the economic effects are going to be determined by using information, using statistical information obtained from the Departments of Labor and Commerce as well as our own statistical base with respect to retirees.

Now, on a personal note, my father is retired. He is dead now, but he was a retired naval officer. My mother, they both benefitted by being in this area and close to some fabulous military medical treatment facilities. I am personally aware of this tie.

I am also personally aware of the extent to which the Department, with the Congress' help, have expanded the opportunities for retirees, not just in military treatment facilities.

Nonetheless, I am sensitive to your issue, and as I suggested—or more than suggested—as I pointed out, the criterion 5, 6 and 7 will take that into consideration.

Mr. TAYLOR. Thank you. I thank both you gentlemen. Mr. Chairman, you have been very generous.

Mr. HEFLEY. Mr. Cole.

Mr. COLE. Thank you very much, Mr. Chairman.

Just a few questions, if I might, because I find this always a very frustrating topic, even though I am generally in agreement with what you are trying to accomplish.

But let me ask for historical purposes, could you gentlemen give me your opinion of the base closing process before BRAC, how it worked?

I can look at my particular State, and we have Clinton Sherman Air Force Base, which still has 13,000 feet of runway out there, but not much else. Ardmore. In other words, we were able to close facilities—I am sure always at great trauma and great cost—on a fairly regular basis and usually after downsizing, but Clinton Sherman was shut down in the 1960's, at the height of the Cold War,

a large American military force, so it wasn't in reaction to downsizing after the Second World War.

So why is the current process superior today as opposed to what we used to do? Because we clearly were able to close facilities in the past, however painful it might be?

Secretary DUBOIS. Mr. Cole, precisely because of the history and the painful history of base closure pre-BRAC is why, I think, the Congress embraced this particular process before us.

As I remember, when I served with Secretary Rumsfeld in 1975 to 1977, there were some considerations of bases to be realigned or closed. And at that point, the Secretary of Defense had, shall we call it, an unfettered ability to close and realign. But then the Congress restricted that authority through what we call Section 2687, 10 years ago, 2687.

I think it was precipitated, as I remember, by Cap Weinberger, Secretary of Defense Weinberger, in the 1987 or 1988 time frame, when he made an announcement of, I think, it was a handful or maybe six or seven bases that he wished to realign or close. And the Congress reacted, as you might expect, with some reluctance to embrace his recommendations. And thereby was born the BRAC process, which then began the first BRAC Commission, which was stood up in 1988, and then 1991, 1993, 1995. That is my recollection.

Mr. COLE. So from your point of view, is it fair to say this is the worst process except for all the others we used to have—

Secretary DUBOIS. I think that is an accurate statement, Congressman.

Mr. COLE. I think, from a Member's standpoint, it is particularly difficult, because it is a process, frankly, that as hard as you try, it is never as transparent as we would like and, as honest as you are, is never very easy for us to deal with because we are essentially waiting in a powerless situation for an up-or-down vote that we don't think we can really affect insofar as our individual installations are concerned.

And I do not know how we get out of that other than, frankly, try to structure a system that we collectively agree on is fair, try to constantly badger you and bring you up here before hearings and make you convince us on a regular basis that it is fair. And I think you have done a reasonably good job, quite frankly, at doing that.

But if you had to design the next one, what would you do differently? Anything?

Secretary DUBOIS. I studied the first four in detail, when in February of 2001, the Secretary said we must try to work with Congress to get this authorization. In that research, I talked to many of you and many of your colleagues in the other body as well as communities who had been impacted by BRAC. And I came up with a list of items that we needed to do differently.

And I must say, one of them is the disposal process. The biggest problem that a community faces when it is faced with a closure, is that it takes too long to move that heretofore military real property asset to economic redevelopment and new employment bases for the community.

Mr. Grone, sitting behind me, I have charged with the task to assess how we streamline the disposal process, telescope the disposal process, overcome the inevitable local impediments, be they economic, developmental, political or environmental, so that the community can move quickly to redevelopment.

What we have suggested and what the Congress has authorized us to do is, in our view, the most fair and balanced and honest process ever entered into with respect to a base closure.

Mr. COLE. Let me ask you this, if I may. These decisions, I would assume, become, in a military sense, progressively more difficult. That is, you should have, by now, gotten a lot of the low-hanging fruit, if that is an appropriate phrase. Technology and the speed of transportation, there are a lot of places now you could deploy out of, particularly if you are talking about deploying into foreign theaters. It doesn't matter that much if it is 500 miles this way or that way inside the United States, in many cases.

When you get down to these decisions and they are close in terms of military value and mission, then do things like community support, the impact on the community, how decisive do they become?

Secretary DUBOIS. Two-part question, and I truly appreciate your raising this issue because others have talked about, well, low-hanging fruit—1988, some more in 1991 and 1993, and there isn't any more. Well, in point of fact, there is. And notwithstanding Congresswoman Wilson's remarks, the excess capacity analysis indicates strongly that continued excess capacity exists.

In one particular way that didn't exist before is that technology, as you pointed out—fast sealift, fast airlift, the appropriate strategic assets that we have funded, that you all have funded for those purposes—has changed the dynamics of where installations necessarily have to be and how they are configured.

Now, the second part of your question, if it comes down to it, what is the tie-breaker? What could be tie-breakers? I think tie-breakers, to use that perhaps inappropriately or not exactly an exacting term, are contained in the considerations, the so-called 5, 6, 7 and 8 criteria.

The primacy of the first four criteria, focusing on military value, are just that. They hold primacy. Were it to come down between base A and base B, I think the criteria 5, 6, 7, and 8, to include the environmental impact, the impact of costs related to waste management, the ability of both existing and receiving communities to support missions and personnel, all of these issues will come into play.

And I think that Congressman Taylor made a very important observation: Many communities have consistently, year after year after year, out of their own tax base, done what was right for our military families in military communities. And it is reflected in the excellence of their schools and the transportation corridors and infrastructure, spousal employment, which when I was in the Army, many years ago, arguably was not nearly so important as it is today. These communities and their efforts are reflected ultimately, in my view, in the military value of that installation.

Mr. COLE. Well, the chairman has been generous, as always. Just a last comment.

One of the things I know that causes me a great deal of problems, and I am sure other Members, is that there are all of these magic lists that float out there. I promise you, once you have a facility that appears on a list, then it really does drive the panic level enormously high in the locale, as you can imagine. So insofar as you can, not take people off but be very careful in terms of what you do and what you say and very emphatic at this stage that these lists don't matter or are manufactured, that is helpful.

Because those lists always create the sense that, hey, the decision has really already been made and no matter what they say, it is just being postponed through some process, the outcome of which is already known by somebody magically in the Pentagon. That undermines the whole credibility of what you are trying to accomplish.

Secretary DUBOIS. If there were such a list, I can assure you that I and General Cartwright, and the gentlemen and lady behind me, and so many others in the Pentagon, to include all the service secretaries, all the service chiefs and vice chiefs, the senior leadership of the Department civilian and military would not be expending the enormous amount of time that they have already expended and will expend over the next year.

Just as a personal aside, the angst that associates with so-called lists, I once tried to add a little levity to a meeting. I walked in, and I had a big clipboard. And on the back of the clipboard in big red letters is B-R-A-C. And as I walked in, you could hear the wind sucking in, if you will, and I turned the clipboard around and I said, there is nothing on it. I don't know yet.

Mr. COLE. Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you. Mrs. Davis.

Ms. DAVIS OF CALIFORNIA. Thank you. Thank you, Mr. Chairman.

Mr. Secretary and General, thank you very much for your continuing service. I do not think any of us can sit here and think that you have an easy task ahead of you. I appreciate that.

But I think Mr. Cole's comments really underscore the concern that we all have with transparency.

I appreciate your comments, and I think that there is nothing more important right now than giving communities that sense that they have an opportunity to question, to provide their input. So I wonder if we could just go to one of the issues that has come up before, the issue of synergy in a community and the extent to which the success that we are having is created by the interplay between our public and private sectors and our industries and our contracts within communities.

I wonder if you could speak to that? Because you said that synergy—I think a number of people apparently wrote to you about this, about that relationship. And you suggested that we could accomplish that in criteria 1, 3 and 7. Criteria 7, as you know, is the ability of both the existing and potential receiving communities' infrastructure to support forces, mission and personnel.

That particularly, I think, speaks to operational activities without necessarily expanding to the research-and-development activities that we have throughout the country, particularly well-developed in several areas. I think it is at that point that we have well-

developed communities that support research and development and technology, a skilled workforce, a presence in the community of intellectual capital that is resident in both the public and private sector and academic institutions.

Could you give us a better sense, more specific, how are you going to go about trying to evaluate that? Does that come from individuals who are working in a joint facility where we have a lot of contracts that are military-based but we, obviously, depend on the private sector for a lot of the skilled personnel that are there, that intellectual capital? How are you going to get at that issue?

Secretary DUBOIS. Mrs. Davis, you are one of many folks who have raised this issue, in particular, of intellectual capital. And thank you for referring to criteria 1, 3 and 7, especially number 7, where it talks about, as you pointed out, the ability of both existing and potentially receiving communities to support missions. And underline missions. Missions plural. It is not to be defined as solely operational missions, the same way it wouldn't be defined as logistical missions or training missions or educational missions or supply-and-storage missions.

Synergy with nearby institutions, private-sector institutions, public-sector institutions, industrial clusters, academic institutions and other organizations are important. It is an interesting fact, I believe, that in this day and age, one could say intellectual capital is hard to be moved, but it is true. There are some centers of intellectual and scientific and research excellence in this country, centers, plural, that I suppose if I were to go to one of them and say, "Okay, would you be willing to move across the country or from northeast to southeast or something," a number of people would say, "I am not sure."

But the other side of that coin, which I think is equally as interesting today, is just that: Information technology and advanced technology allow us to communicate with each other in a real-time, virtual fashion that didn't exist 10 or 20 years ago. That and that alone is going to impact how we, the military departments and the Infrastructure Steering Group, assess the Joint Cross-Steering Group, assess these current military installations and pockets of excellence in communities of intellectual excellence.

Where heretofore, we might have said, you know, probably could close that, now it may not be necessary to close it because they can connect, those scientists those researchers can connect with others on an instantaneous basis.

Having said that, one also has to consider the anti-terrorism force protection issues. How many of these places do we have, must we have? Again, I think this BRAC is more complex and yet has the opportunity to rationalize and not necessarily close, as I indicated in my opening remarks.

General Cartwright, do you have anything to say?

Ms. DAVIS OF CALIFORNIA. Just trying to get a little further, would you indicate that the Joint Cross-Service Group, are they going to be visiting these different areas and again trying to get a handle on what makes it work? That is what people are concerned about. They would like to know how you are going to do that.

Secretary DUBOIS. I think a number of the Joint Cross-Service Groups have and will take this into consideration. The membership

on those groups, as I said, represent all the military services and the unique disciplines involved and focused on by those services and, by definition, have visited most, if not all, of them. I personally have visited over 117 installations and ranges over the past 3 years.

Now, it is also true that if one were to categorize or put a number to installations of any consequence—and I am not talking about the 3 acres with an antenna site on it, although I have visited some of those, too. There clearly are 400, 500 or 600 of them. I have only done 117.

But my colleagues, the three assistant secretaries for I&E, Installations and Environment, and the undersecretaries of the services and the service secretaries, between us, I can almost guarantee you we have visited at least once all of them.

Ms. DAVIS OF CALIFORNIA. If I hear from organizations that feel that they are very key in this way and yet no one is asking them what they think or how they feel or they know that that is not being communicated in any way, what can I tell them?

Secretary DUBOIS. Should that occur—and I would have to question, because of the closeness between bases and especially academic institutions where they are, it is not like they do not talk to each other. It is not like one isn't contracted to the other. I would find it unusual that they haven't been heard or haven't had an opportunity to submit a paper or an analysis. But were that to come to your attention and were they to send it to you, I will come up and visit.

Ms. DAVIS OF CALIFORNIA. Thank you very much, Mr. Secretary. Thank you, General.

Mr. HEFLEY. Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman, and thank you, gentlemen, for what you are doing. We know you are working in the best interest of the country, and this committee is one that stands with you in trying to protect the national defense. It is just with so many of these issues, we know we cannot afford to get them wrong. And that is why we want to ask these questions.

One of the things, Mr. DuBois, as you have heard, when we talk about the synergy and all the component parts and the complexity of that, I think that is why so many of these communities feel that they do need to retain lobbyists or consultants to help gather that information and make sure it is presented. Because sometimes it is vast, and it is complex. And I don't care how many times you visit those facilities, it is easy to miss something. And when they are thinking about a tie-breaker out there or something of that nature, it is important to them to make sure that information is laid before you.

But we know one key component of DOD's transformation initiatives involve the repatriating of a large percentage of U.S. troops that are now based overseas. If we reduce our troops overseas, we will need to have State-side bases for them. And the first question I have is, has our assessment of the size of that repatriation changed or been modified in the last 2-year period of time?

Secretary DUBOIS. In the last 2-year period of time? I think the Secretary of Defense and the Chairman of the Joint Chiefs are of a mind, in terms of their conversations with General Jones in Eu-

rope, Admiral Fargo in the Pacific Command, General Abizaid in CentCom, and General Hill in SouthCom, the four major regional combatant commanders, of—what shall we call them—the major muscle moves that need to be made.

I made a comment in a hearing in front of your colleagues on the Subcommittee on Military Construction in the Committee on Appropriations that I thought the basic building blocks of return of overseas force structure, we are close to defining them. The Secretary, I testified, probably would have them in hand, basic building blocks, by May of this year.

It is so very important that he do so because then he has to tell the services and the Joint Cross-Service Groups to plan for the receiving of this force structure. And it may be force structure package A or force structure package B. We want you to understand where is the best place to put them. Where are those force structure packages to return?

As you read in the front page of The Washington Post this morning, which did not reflect ground truth, I might add, however, where this force structure comes back to is an extremely important issue, and it is best determined within the BRAC process.

But the BRAC process has to be informed. And those decisions, as I understand it, will be made by the President and the Secretary of Defense later this spring. Certainly, the alternative force packages.

Mr. FORBES. I concur with that, but I guess my question would be, too, has that modified or changed significantly in the last 2 years from the assessment we would have made 2 years ago to where we are currently, in looking at those packages?

Secretary DUBOIS. I believe it has, especially, in no small measure, because of the lessons learned in OPERATION IRAQI FREEDOM and OPERATION ENDURING FREEDOM?

Mr. FORBES. The reason I raise that question is because if these troops are not expected to repatriate before 2006, is there a concern that that package could change significantly in the next 2 years, between now and 2006, when we are making BRAC decisions in 2005?

Secretary DUBOIS. Precisely because of the question as you have posed it, sir, the Secretary knows that he needs to make those decisions so that they do inform the domestic BRAC process.

The issues as to whether it would change 2 years from now while, academically speaking, is a legitimate concern and question, the Secretary and the Chairman, as I indicated, and the Joint Chiefs, along with the combatant commanders, have a pretty good sense now, given, again, what is in this report, the probable threats and the force structure that we will, with your help, fund over the next 20 years. We kind of know where they ought to be. Because where they are now, where they are now is not correct.

Mr. FORBES. Will the cost of repatriating the overseas troops be paid for out of savings realized from BRAC base closures, or will they be paid for separately?

Secretary DUBOIS. If the return or re-stationing decisions are made in the BRAC process, which is what the Secretary intends to do, the costs and savings will enter into the recommendations to the commission and to the Congress. What it will cost to bring back

force structure will be in the BRAC recommendations, and therefore, the cost and savings will reside in the BRAC account.

Mr. FORBES. Thank you, Mr. Chairman.

Mr. HEFLEY. Mr. McHugh.

Mr. McHUGH. Thank you, Mr. Chairman.

And gentlemen, welcome.

Obviously, there are some disagreements on this panel as to going forward with the BRAC. I think you have heard in all the comments a common concern about both the process and the way in which it will be done and the ultimate effect of that. Not unlike some of my colleagues, I have supported this initiative after a lot of hard thought and a lot of concern, and I continue to.

Although I take a different perspective in most instances than, say, Mr. Taylor on this, I certainly wanted to underscore his concerns about issues such as encroachment. We have a lot of bases out there that aren't what they are described to be. And this is no fault of their own, but the variety of encroachments that have eroded away the efficacy and capacity of bases is frightening to me.

The chairman of the subcommittee—in his previous life and current life and I suspect, if he chooses to, his future life—has led the fight that we have tried to join in trying to place reasonable limits on those encroachments. But I think we have to be honest as we approach a BRAC that we have to take a hard look at what each base actually can do, given the reality of encroachments, and I just wanted to editorialize and to state that.

We have talked about a lot of things here today, and that is good. And we have heard a lot about the criteria and the selection process. It is a tough thing. I am concerned about what I haven't heard more than what I have heard, because with the chairman's support and the chairman of the full committee and the Senate's agreement, we have added some basing considerations that you have talked all around here today. I don't intend to ascribe any motivation there. I just want to make sure it was an inadvertent omission.

We have added the consideration of basing that takes into account for the assurance of equitable geographic distribution so there are military facilities of one dimension or another found in all parts of this country; that we are not geographically segmenting them and that the presence of a military uniform doesn't become a foreign presence in our own Nation. That is in the law, and it was in the preliminary criteria, as we have assurance that we have variety in geographic climatological training facilities.

I have been to a lot of places. I have been to Iraq twice and Afghanistan once in the past few months. A lot of different weather. And I think we better be able to train in both kinds, and the Congress agreed. I do not think there is any need for you to comment there, but if you would like to, I would be delighted to listen to what you might like to say.

But let me get to my final area. Over the past—well, let me take it from this way. Secretary, you spent a lot of time, and I thought very thoughtfully so, in describing the process that you are going through and that you will be going through, describing the various criteria, describing the way in which military value will be judged

and the thousands upon thousands of data points that will be consulted and considered.

You also talked about the need to do this in a way that considers almost intangibles. All of that, I assume, I know was intended to instill confidence in the integrity of the process. And I support that, and I believe in it.

I do, however, become concerned not so much about the military and the DOD's role in this process, but rather what a BRAC Commission might choose to do. We have, again, with the chairman's support, I think somewhat narrowed their unfettered prerogatives. It concerns me when the military spends months and months and months reviewing, going through the data points that you talked about, carefully analyzing it, making what I think will be very difficult but highly considered military base decisions, and then to have people in power, who may not necessarily have ever served in the military, not that that would even qualify them, have no background, no professional association with that process, and can, under current law, totally, with no real checks and balance, because no Congress is going to reject a BRAC report, in my opinion, can totally reverse the decisions based on military value.

That scares the hell out of me, and it has been done. And I am not here to document it or open old wounds, but it has happened. I would let the Base Closure Commission vote to keep open a base recommended for closure with one vote. One vote. I feel that strongly. Because if you keep a base open that perhaps should have been closed, all you are doing is spending the money.

To empower them on a majority vote to close a facility that the branches of the military have determined is best for the future of this country and the Secretary of Defense has agreed, with a majority vote, is idiocy. And that is what we have allowed to exist here.

Secretary DUBoIS. Excuse me, sir, the statute says in order to add—

Mr. McHUGH. I know. That was my amendment, and I appreciate your bringing it up, but that is to add. There is a second vote to close, and it is strict majority. I believe you will find I am correct. I have spent a lot of time on this. True?

Secretary DUBoIS. To add an installation to foreclosure.

Mr. McHUGH. Is a 7-of-9 vote. Because you have to take a vote to close, that just puts them on the list when you didn't put them on the list. You then vote to close. That is a majority vote.

She is confused. She is not certain. Trust me, that is what it is. If I am wrong, our problem is solved, so I hope you are right. I know you are not.

Secretary DUBoIS. I would, sir, and we will obviously immediately look at this after this hearing is over, but if you are correct I would ask the chairman that we confer how to maybe fix that.

Mr. McHUGH. I am going to suggest how to fix it.

Mr. HEFLEY. You are correct.

Mr. McHUGH. I know I am, but that is not why I am here. Oh, I am right. You are wrong. I am correct. And in my opinion, that is wrong.

The Department has—and here is my point and all I am suggesting—the Department has, in the past, as we have opened up the

Defense Authorization Bill, issued more or less blank letters saying we oppose any changes to the BRAC law. I understand the motivation of that. You are concerned that BRAC might not go forward, and I support you in that.

What I would ask, however, is that you consider not issuing such a blank letter this year or next year. And that if there are provisions added or proposed that you are concerned about, you oppose them, as you will, but do it on a case-by-case basis.

Because what has happened is, we have had my amendment adopted here in this subcommittee and then passed by the House and then taken to conference committee and had our dear friends in the Senate oppose it, supposedly because they—not, supposedly, they did, but claiming their main motivation was the Department opposes any changes to BRAC.

All I want to do is—my approach, and if you have different approaches, I would be thrilled to hear them—my approach is to say I would like to do it unanimously, but I certainly would agree to a 7-of-9 supermajority also to close any base that the Department and the Secretary of Defense has recommended be kept open. To close it.

They can still keep open a base that you have decided to close on a majority vote. Just on closure. Because as you have heard here repeatedly, once a base is gone, Army, Air Force, Marine, Navy, doesn't make any difference, it is gone. You are not going to get it back. So I hope you consider that.

Secretary DUBOIS. I think my response and my reaction would belie sympathy to your position, Congressman.

Mr. MCHUGH. Thank you. I appreciate that, Mr. Secretary.

That is it. I yield back, Mr. Chairman.

Mr. HEFLEY. Thank you. I am glad you raised these points. That is an excellent point. And rest assured we will be working on it in the subcommittee again. And any support you can give for Mr. McHugh's position we would appreciate.

Mr. Jones.

Mr. JONES. Mr. Chairman, thank you very much. And to the pan-elists, thank you. And since I am at the end I only have a couple of questions, just a few remarks. And that is the advantage for you, because most of what I would like to say or ask has been covered by my colleagues in a very fine way.

I guess, in looking at this, I came—in 1994, I was elected and then became a Congressman in 1995. And I have Cherry Point and Seymour Johnson Air Force Base and Camp Lejeune and New River in my district.

I just want to share a story very quickly. I will never forget my first or second month I was asked, along with, I am sure, my other colleagues, to go to a BRAC round before the commissioners over in Maryland, I think it was the University of Maryland branch, and so and so.

And the point I want to make is that prior to being elected to Congress, I went down to Cherry Point. And the base commander at that time was the assassin, Fred McCorkle, General McCorkle. And I was told that 2 or 3 years before that, the Navy had put millions of dollars into improving and enhancing the infrastructure at

Cherry Point, because there was going to be a transfer of F-18s out of Jacksonville that were going to be located at Cherry Point.

Well, as politics happens, there was a very powerful man in the State of Virginia that thought that the F-18s should be at Oceana. Well, ever since they have been located there, it has just been one problem after one lawsuit after one problem. Because politics got into a decision that probably—and reflecting back, the best location would have been eastern North Carolina, where the Navy right now is negotiating for 30,000 acres in eastern North Carolina.

I only mention that because I think what Mr. McHugh said, and my colleagues probably have said before I came in this afternoon, that once it goes to the Commission, as good a job as you all have done or will do, the Commission itself I think can create some problems.

But there is nothing I can do about it, or you can do about it. Maybe the committee can do something about it. But that will always stay with me, because millions of dollars have been spent at Cherry Point to enhance the infrastructure, and yet the planes that were supposed to go in that direction ended up going to Oceana.

Just a couple of points. I wish you would explain—and we have got a vote. In section 6 it says, "the economic impact on existing communities in the vicinity of the military installation."

Mr. Secretary, can you explain that fairly quickly, as to if that is one of the military values, one of the criteria? It says other considerations. How does that weigh into a recommendation? Let's say it is going to be a negative impact, because a base is going to be recommended for closing or realigning into another area.

Secretary DUBoIS. That particular criteria is, I think, fairly straightforward, Congressman. And the service involved, the military department involved, based on statistical evidence provided by the Departments of Commerce and Labor, as well as local metropolitan statistical area evidence, has to take in and adjust or assess what would be the negative impact were that base, that installation, to close.

I don't know what more I can say other than—

Mr. JONES. Well, in your recommendation and evaluation, my point is that if you know that this is going to be a significant economic negative for that area, and obviously you are moving to close a base in a certain—what—how does that play into a decision?

In other words, you are going to close the base based on these seven or eight other items. I am trying to figure out, does it have any weight in a decision or recommendation?

Secretary DUBoIS. It certainly would have weight once the first four criteria have been satisfied. The military value criteria, 1 through 4 have primacy. If—and I don't know whether this would be the case, but if it came down to military installations A, B and C, all more or less weighted equally on military value, but No. 6 criteria indicated that installation C would have a far greater negative impact on its surrounding community economically were it to be closed, that would come into play.

Mr. JONES. Just a couple of other points, Mr. Chairman. I appreciated your statements, you and General Cartwright, primarily you, to some other questions and statements by my colleagues.

This is a process that I assume—I was not here when they debated and voted on the need for a round of BRACs. But it is a process that in a way is very sad, because I think about my own great State of North Carolina. We are in a very tight budget year, very difficult budget year for the legislature. Yet they are going to spend thousands of dollars. They have already hired a high-powered law firm to come up here. And I don't know what they are going to do, quite frankly, except cost the taxpayers of North Carolina a lot of money.

Now, that is not your fault. That is the fault that we have these rounds of BRACs. And, Mr. Chairman, I don't know how it is fixing to be done, to be honest with you, I am not that smart. But I will tell you that it is a sad case when communities have to spend millions of dollars and have lobbyists that come up here, and I don't know what they are going to do until recommendations start being made public.

So there is probably 7 or 8 months that they are going to be on a retainer, making thousands of dollars. That is all over this Nation, it is not just North Carolina.

I want to ask you—this would be my last question. You said that you from time to time—and I have not read your statement, but you said in answer to a question, that from time to time that you meet with certain groups from certain parts of the country. In other words if a Commission or representative of a Commission from a certain State called you and said, Mr. Secretary, we would like to come up and talk to you about this round of BRAC, does that happen?

When you were making that reference, is that what you were talking about, meeting with representatives from States that want to meet with you to find out what you all are going to be doing?

Secretary DUBoIS. I was specifically referring to a situation where a Member of Congress, either House or Senate, or a Governor, would ask to see me and to discuss installations at large in their district or their State. Oftentimes they bring with them county commissioners and mayors. I met with almost all of the members of the Pennsylvania delegation recently. I met with all of the members of the Massachusetts delegation a couple of months ago, along with Governor Romney, I might add—he was also in the meeting—to explain to them what the process was, pure and simple. That is one of my jobs.

Now, I will say this. And many of you have heard me say this before. I will say it again. I think money can be better spent by communities than retaining lawyers and lobbyists and consultants. And I have said this before, and I will say it again, I do not answer phone calls from lobbyists, lawyers, and consultants when it comes to BRAC, period.

Mr. JONES. Well, Mr. Chairman, with that, I am going to close, because Mr. Bishop might have questions. Thank you again for being here today. And I know you will try to keep the process as honest as possible, and I appreciate that.

Mr. HEFLEY. We are going to have to recess again. Mr. Bishop, you are the last one. Do you have questions that you want to hold them over for?

Mr. BISHOP. Mr. Chairman, I do, but in fairness to the witnesses who have been here a long time, Mr. Chairman, if I just submit these for the record—I am assuming I am the last one, Mr. Chairman?

Mr. HEFLEY. Except Mr. Marshall had another question. Do you want to submit yours for the record?

Mr. MARSHALL. Well, I can do that. Mine is pretty brief, if you need to leave.

Mr. BISHOP. If Mr. Marshall wants to ask a question. If not, I will submit these and then you can dismiss the witnesses.

Mr. HEFLEY. What is your pleasure?

Mr. MARSHALL. Sorry, fellows. Stay with us for a little while we walk over and vote.

Mr. HEFLEY. It is one vote. We will go and vote. We stand in recess.

[Recess.]

Mr. HEFLEY. The committee will come back to order. Mr. Marshall.

Mr. MARSHALL. Thank you, Mr. Chairman.

Mr. DuBois, I wanted to follow up on the question I previously asked about cross-service teams and service-to-service teams and how you are going to integrate the information that you get back. And if I understood you correctly, your expectation would be that Robbins, for example, which was the specific example that I used of a facility that has multiple uses right now, multiple capacities, over 60 different units there, and a blended wing, Army, Air Force, National Guard, I mean just a lot going on there.

You said you thought that there would be cross-service teams that would be looking at the depot and some other things, and then service-to-service would probably be Air Force.

We are in a joint world now, more so than we have ever been, at least in my lifetime. And I find myself wondering how you get information, or how you get the right kind of balanced feedback from just going to pick it from the Army, when the Army hasn't done a service-to-service analysis of Robbins.

And it may well be that as you put it, the realignment part of closure, and realignment with realignment being the major emphasis, a base like Robbins would be an appropriate place to house any number of non-Air Force activities. And yet you don't have the non-Air Force crowd specifically looking at Robbins with that in mind as a possibility, though you do have these cross-service teams.

So I just wanted to add to the question I had concerning how are you going to integrate all of this when you have got separate teams looking at separate things. A question concerning how you do the service-specific analysis of the capacity of individual installations like Robbins to try to determine whether or not that base, though it is, quote, Air Force, whether or not that Air Force base has things to offer for other services?

Secretary DUBoIS. Mr. Marshall, the very question you have posed was discussed in a recent infrastructure steering group meeting. Insofar as a joint cross-service group, as you say, will look at the industrial activities on Warner Robbins, the Air Force will look at the operational mission activities on Warner Robbins, the joint

cross-service group on education and training would like there to be a training mission on Warner Robbins.

We have ourselves asked how would we cross-fertilize the results of respective analyses. And we are deliberating on that right now. That very question has been posed. Everyone around the table, all of the vice chiefs and the assistant service secretaries, agreed there must be a mechanism by which we can bring those heretofore disparate analyses to the table to do just what you have asked, as well as make certain that the other services are aware, as criteria 7 says, the ability of both existing and potential receiving communities' infrastructure to support forces and missions and personnel. Not there today, but might.

We have been very blunt among ourselves. Can we move an Army aircraft mission to an Air Force base? Can we move an Air Force aircraft mission to a Marine Corps air base? That is very much conceptually on the table.

General CARTWRIGHT. I would add one more piece to that. It was referred to earlier as a synergy. In other words, we could have disparate pieces on these bases doing things and we haven't necessarily captured the synergy, the value of the having these pieces all together, whether it be training or whether it be the R&D, et cetera.

That is another piece of trying to make sure that we have an apples-to-apples comparison that allows us to look across disciplines to be able to understand the potential synergies that could be there.

Mr. MARSHALL. Having spent a little bit of time on many Army bases and having seen some Air Force bases, I can tell you, not too many Marines—but I suspect you are just as spartan as the Army—the Army and the Marines are going to want to go to the Air Force bases.

Mr. HEFLEY. Mr. Bishop.

Mr. BISHOP. Thank you, Mr. Chairman.

Mr. Secretary, I appreciate you being here and your candor and staying longer than you ever wanted to. I apologize for that as well.

I also apologize for missing the first hour of this. It is not intended as a disrespect. I am going to ask the Chairman to show me how you handle constituents in your office at the same time that you have a committee meeting two buildings away, and then later on tonight I am going to ask the Lord for forgiveness about what I said about the elevator system in this building and whoever the architect was that designed the foot traffic in here.

I did have the chance of reading your testimony, Mr. Secretary, and I am encouraged at the parts where you talk about the necessity of preserving the surge capacity. I believe, probably all of the committee believes, that is critical and especially when it comes to logistics areas and support, including the depot system, which I am very concerned on, and also keeping core capabilities in-house in the government depot system, so that as far as readiness of troops, you always have some predictability and maybe eliminate some of the factors that are inherent in the private sector, while still gaining the benefits of that private sector.

So I do have about four questions, if I could pose to you, Mr. Secretary. First of all, does the Department still believe it is important

to retain that core in-house depot maintenance capability through the BRAC process, especially in light of the fact that virtually all of the services' depots are running 85 to 90 percent of capacity right now?

Secretary DUBOIS. The Joint Cross-Services Group on Industrial Activities has within its purview the depots and the air logistics centers and the shipyards and the arsenals and the ammunition plants.

How the JCSG Industrial Activities will assess the depots will be in accordance with the selection criteria and the philosophy—nay, the rules that we have—all installations shall be looked at equally and comprehensively.

You raise some very interesting and important issues that they are wrestling with: Capacity utilization, the 50/50 rule, the core systems rule. They are taking all of these issues under consideration. But I think it is important that we recognize that all installations are being addressed.

Mr. BISHOP. Well, I appreciate that. Let me try and go one more time and see if I can better ask the question.

Is there still a commitment about maintaining a core commitment to maintaining a core program within the depot system?

Secretary DUBOIS. We know that the law requires, on both the 50/50 and the core clauses that the depots maintain a certain amount of—spend U.S. taxpayers' dollars in a certain way. We are mindful of those statutes. And we do not intend in any way to ignore them. How that JCSG or "where" that JCSG—is maybe a better word—ends up a year from now, I can't predict. And I think that is one of the things I hope gives you all confidence that this is going to be as thorough a process as it can possibly be. We do know, and I will repeat this, that there is excess capacity. You yourself mentioned it.

Mr. BISHOP. I am sure it is going to be thorough. I don't know if confidence is the right word, but it is going to be thorough for sure. I am glad you brought up the concept of 50/50. There have been some that have mentioned that since the BRAC legislation was passed after the statute that implied the 50/50, that 50/50 indeed could be ignored in making BRAC recommendations and decisions.

We have asked informally on some of the service groups. I received a negative response that that will indeed be the case. Can I just ask as far as the Department is concerned, is the concept that since BRAC was passed after 50/50, it takes—50/50 could be ignored in this entire process?

Secretary DUBOIS. We certainly don't intend that. Let's—as depot level maintenance and repair facilities, as I said are examined within the BRAC process, the requirements of section 2466 as well as all other statutory constraints are going to be carefully considered. They have to be. We will do that.

Mr. BISHOP. Does that mean that the 50/50 statute is still considered as a statute, and would not be dismissed because of legislation that was passed afterwards?

Secretary DUBOIS. It will not be dismissed.

Mr. BISHOP. Thank you. Now I think we are saying the same thing. And I appreciate your saying that very much.

When you determine the excess capacity that is going to be maintained, especially in the depots, is it your intention to use the figures each service currently has as far as their workload and capacity, or is there some new standard that you envision being adopted for that measurement?

Secretary DUBOIS. The excess capacity analysis submitted in the report by the Secretary earlier this week was to give us a sense of confidence that he—give him a sense of confidence that in point of fact—that with certainty we have excess capacity. The various percentages and categories, and by service, however, will not determine the outcome of what installations are closed or realigned.

Mr. BISHOP. Okay. So I am taking that there is not necessarily going to be a new standard that is going to be produced. You will use the same figures that are currently being discussed?

Secretary DUBOIS. Remember, those categories are in the aggregate, parametric projections. The standards, the criteria that Congress told us to use, are going to be applied in terms of each individual type of facility.

Mr. BISHOP. Thank you. Once again, I appreciate it. And if at any time—if there is some redundancy with this, I apologize if you have answered these at an earlier time when I was not here. And I take this once again, all the time, that the Department has no attempt in any way, or the decision this time to redefine what is considered to be core in any of the upcoming BRAC rounds? Your commitment to the 50/50 rules, as well as that core capacity is something I appreciate hearing from you very much.

Secretary DUBOIS. As I indicated, we are committed to taking it into consideration.

Mr. ORTIZ. Will the gentleman yield?

You know, the thing—and I understand, you know, that you are going to consider what the gentleman just talked about, the 50/50. But will you abide by it because it is the law?

Secretary DUBOIS. We will not ignore any statute on the books as it pertains to any of the real property assets which we are going to assess and analyze.

Mr. ORTIZ. Thank you so much.

Mr. BISHOP. If I could just reclaim my time.

Mr. Secretary, that was the important question that we had. I appreciate that. As I said, there have been some who have contended that it could be ignored, regardless of the fact of the statute, because of the circumstances of the timing of its passage. So your statements are very reassuring on that issue. Thank you.

Mr. HEFLEY. Mr. Secretary, and General, we appreciate you spending a very enlightening afternoon with us. I am sure we are enlightened by your testimony. I hope you are a bit enlightened by the questions and comments of the committee.

And I hope some of these questions and comments you will take to heart as we look at how we might refine this BRAC process. You know, up here I think the feeling runs all of the way from not doing any more BRAC processes, to postponing the BRAC process, to tweaking the BRAC process. There are some tweaks that I think need to be done. And I think some of those were expressed today. I hope you will work with us on those.

Secretary DUBOIS. I appreciate your comments, Mr. Chairman. And I would only conclude by adding that, we, the Secretary of Defense and the Chairman of the Joint Chiefs and all of the senior leadership of the Department recognize the difficulties that BRAC presents, both internally to us from an analytic standpoint and, quite frankly, externally to you all.

But we hope that you will sincerely understand that there is every—we are making every effort to do this in such a way as to benefit our national military command structure and our national security first and foremost. Thank you.

Mr. HEFLEY. Well, let me just reiterate that I supported the BRAC process when Mr. Armey suggested it some years ago and we got started. I have been through four rounds of it.

But just because we started out doing it one way is no sign that that is sacred and there can't be some changes to refine it. And I suspect we will be making some suggestions in that direction. Thank you very much, both of you, for being with us today.

Any committee members that may want to submit questions for the record? I know Mr. McKeon has a question for the record, and we also inserted in the record a statement by Mr. Evans. And, Mr. Ortiz, I know has some questions for the record.

[The information referred to can be found in the Appendix beginning on page 81.]

Mr. HEFLEY. Our second panel represents the General Accounting Office, which is charged with auditing the BRAC process. As such, they are given access and insight into the Department's BRAC activities. They can provide a perspective on past BRAC rounds and implementation as well as the initial review of the 2005 BRAC round.

Our witnesses for the second panel will be Mr. Barry Holman, the Director, Defense Capabilities and Management at the General Accounting Office, and accompanying him at the table is his Assistant Director, Mr. Michael Kennedy.

Mr. HEFLEY. Mr. Holman, again I would remind you that your full statement will be put in the record.

STATEMENT OF BARRY W. HOLMAN, DIRECTOR, DEFENSE CAPABILITIES AND MANAGEMENT, UNITED STATES GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY: MICHAEL KENNEDY, ASSISTANT DIRECTOR, DEFENSE CAPABILITIES AND MANAGEMENT, GAO

Mr. HOLMAN. Thank you, Mr. Chairman. Mr. Chairman, Mr. Ortiz, members of the subcommittee, thank you for the opportunity to appear before you today to discuss the BRAC process.

I will highlight some key points from the statement that you will include in the record, and I will make some additional comments now that we have had additional opportunity to look at DOD's report. A fuller assessment of that report will be provided within 60 days as required by the legislation.

First let me make a couple of comments about the BRAC process from a historical perspective, and including the audit community's role in that process, because I think that is important to some of the issues that were raised here today, and then about DOD's 2004 reporting requirements.

From GAO's perspective, the BRAC legislation that was enacted in 1990 authorizing three previous base closure rounds, and now extended to authorize one in 2005, has provided something of a consistent framework for looking at BRAC. Importantly, it has provided a legacy of safeguards, checks and balances, to help better assure the integrity of the process.

Now, I know we can all find things that we don't like about various aspects of the process, but I think it is important to keep in mind that the framework is there that does try to protect the integrity of the process. GAO's role in BRAC has been legislated since 1990, the 1990 legislation.

Under that legislation, GAO is required to complete a report providing a detailed analysis of the Secretary of Defense's recommendations and selection process no later than July 1 of next year, which will probably be 45 days after the Secretary makes known his recommendations for closure and realignment.

The tight time frame under which we have to operate to complete that report and do that analysis necessitates that we have access to the BRAC decision-making processes as they are unfolding within DOD. Now, historically the GAO has been given varying degrees of access to the process by DOD and the services, with the agreement that we protect the confidentiality of the data.

As observers of the process, we want to see whether DOD is following a clear, transparent, consistently applied process that treats all bases equally, one where we see the logical flow from DOD's analysis to its decision-making. We do not attend or participate in the deliberative meetings that the service or the cross-service teams have, but we are permitted access to the minutes of those meetings and access to the principals. Timely access to that data is key.

Let me also acknowledge the key role that is played by the DOD IG and the service audit agencies. These agencies play a front-line, real-time role in checking the accuracy of data obtained in BRAC data calls and assessing analytical models used as part of the BRAC process.

We work closely with those audit agencies. In fact, today there are some DOD IG folks out looking at data gathered from a recent data call, and some of our folks are traveling with them observing the process.

Now, let me make just a few brief observations about DOD's 2004 report. The comments are preliminary, but I think they summarize some key points that will stand over time as we do further analysis of the report. Observations related to the selection criteria, force structure plan, capacity analysis, savings and economic impact.

DOD's criteria for the 2005 round follows a framework similar to that employed previously, with more specificity, obviously, in the areas of military value. The framework provided by these criteria preserves consistency and continuity and approach with prior BRAC rounds. We want to recognize, however, that the analytical sufficiency of those criteria will best be assessed as the BRAC process continues.

Concerning the force structure plan, I think I would make just a couple of brief comments on that, the first already alluded to

today, and that is the challenge in projecting force structure requirements 20 years ahead.

Given today's security environment, potential technology changes, and ongoing departmental transformation efforts, I also see there are probably challenges in the short term. For example, if I look at the Army's projected force structure and anticipated end-strength levels, it is hard to see from that top-level focus just the magnitude of changes that are already underway or planned within the Army affecting the Active and Reserve components. I think probably over 100,000 positions are being reexamined in terms of what are the appropriate requirements for today.

As I look at that 2004 report, I don't see a whole lot of discussion of the infrastructure required to meet these changing requirements, but yet at the same time I know that is the type of analysis that will need to be incorporated in the BRAC process as it unfolds.

Concerning the excess capacity analysis, it has already been observed, a variety of capacity indices were put together to make projections of excess capacity. DOD used a waiting process, categories of bases, number of bases, to project an aggregate estimate of excess capacity.

Now, say just quickly, looking at those, there any number of those indices that have merit from one standpoint of another according to different categories of bases. So I would—there may be some weakness in individual metrics that we will need to look at, but I think overall they do give a rough indication of excess capacity that merits looking at under the BRAC process.

I think the caution I would urge, however, is I am not sure, given the methodology and the diverse metrics, that they really are appropriate to be added together to say precisely what is a total excess capacity, much less for someone to misinterpret those at this point and say that necessarily translates into a set percentage of bases that would be closed.

Again, I think they give an indication of some areas that warrant looking at. The full assessment, obviously, will have to take place in the BRAC process as it unfolds.

Concerning the savings, I think most of you are aware that our prior work has shown that there are substantial savings from the BRAC process, primarily in the form of future cost avoidances for the Department. However, we have also said that those savings estimates are imprecise for a variety of reasons, including the lack of regular periodic updates to those estimates. We believe that it is critical for the Department to improve its tracking of savings in the 2005 round.

Finally, let me just mention the terms of economic impact. Our work has shown that while some communities surrounding bases closed during prior rounds are faring better than others, most are continuing to recover from the economic impact of those closures. The short-term effects from BRAC closures obviously can be very dramatic, but we have found several factors such as the strength of the national/regional economy, the diversity of the local economy, and the successful redevelopment of base property all play a role in determining the long-term impact to the closure process.

If history is any indicator at all, I think these factors are likely to be applicable in dealing with the effects of BRAC 2005.

Mr. Chairman, that completes my statement. Mr. Kennedy and I would be glad to answer any questions you may have.

Mr. HEFLEY. Thank you very much.

[The information referred to can be found in the Appendix beginning on page 81.]

Mr. HEFLEY. And, Mr. Kennedy you don't have a statement?

Mr. KENNEDY. No, Mr. Chairman.

Mr. HEFLEY. Let me ask you, there has been a great deal of criticism about the document we received this week. Do you have any response to that? Have you had a time to examine that document?

Mr. HOLMAN. Well, Mr. Chairman, as I just indicated, I think that probably the one area that is of much concern to many folks is the excess capacity. Again, I think there are some limitations in that data in terms of the different categories, trying to aggregate them to come up with a total excess capacity.

We will look at some of those factors more closely to see, to check out the data, the data sources. But again, I think some of them do indicate areas where there is excess capacity. Obviously, there are certain categories of bases that longstanding, in prior BRAC rounds, that were looked at and there was dissatisfaction in the previous rounds completed that the—perhaps not enough attention was done to deal with those areas.

But I think with the passage of time, DOD needs to take a fresh look at all of the basing categories. And that will be the true test, I think, in terms of just what the capacity is that is there, what is required, what are the opportunities to reduce it as need be.

Again, I think one of key areas is the fact that this analysis that DOD did in many respects may not indicate the true measure of changes that could have occurred under BRAC, given the new focus in this approach, I would say the increased focus this BRAC round, in terms of looking at facilities on a cross-service basis. Efforts have been tried to do that in the past, but I think we see this year a greater effort than ever to look, cross focus, cross service, common business-oriented functions, opportunities for increased emphasis on jointness.

You don't have that in the report that DOD has just submitted. And you won't get that full measure until they go through the BRAC process.

Mr. HEFLEY. You have been here all afternoon. I apologize for that. You have been very patient. You heard Mrs. Wilson. What is your response? Her basic bottom line there, if I understood correctly, is that no business in the world would judge their capacity by the kind of formulas that are presented to us here. Do you have any comment on that?

Mr. HOLMAN. Mr. Chairman, when I look across the diverse metrics—and I can appreciate the comments that were made, particularly in the test and evaluation area—I would say that each one of them probably has some value, some merit. But is that the composite way one would want to look at individual categories? Probably not. Again, I think that is where in the BRAC process, the data calls; there will be a thorough analysis of the capacity issue.

So, yes, I sympathize with one metric being laid out there; but, yes, you can take the change in square footage and look at that in

relationship to the personnel. You obviously can see whether that can change over time or not. But I wouldn't take that as the be-all, end-all in terms of a capacity assessment in that area.

Mr. HEFLEY. Mr. Ortiz.

Mr. ORTIZ. Mr. Holman, thank you so much for joining us today. As I am sure you are aware, our current operations have greatly impacted our military personnel and their equipment. As a result, many of our military industrial facilities have ramped up to meet this need.

And may I add that our military and civil service employees are performing in a great, great way, in a magnificent way. Now, many of the depots are still at full capacity and the services are approaching the 50 percent core work requirements. How does this situation affect the BRAC process, and does the 50/50 law have primacy over the BRAC law?

The other day we had people from AMA, the Materiel Command, tell us that they have over \$1 billion worth of backlogged maintenance, 1 billion, and that we didn't have excess capacity. In fact, we need capacity to do the work. And I know that one of the things that they might want to do is to get a waiver on the 50/50 rule. But then if they get a waiver, they are not abiding by the 50/50 law.

So maybe you can give us a little insight. I know that we do not have capacity on most of the depots, whether they be Air Force, Marine, or Army. Maybe you can elaborate a little bit on that.

Mr. HOLMAN. Mr. Ortiz, the issue of 50/50 and the depots is one that I have long looked at, as you probably know, particularly as we do the annual reports for the Congress each year in terms of adherence to that legislation.

I and my staff have been very interested in the issue of the depots at this point in time, because, if there are any military missions that are surging, it certainly is the depots to meet the requirements that are out there today. I think the verdict—we are still watching to see to what extent the depot maintenance requirements, what they are, and to what extent they are being met through the public depot system as well as the private sector.

I think our current ongoing analysis of the 50/50 data for this year may give us some indication of that. But we are not at a point where we can say just quite yet. I do think that the depot situation, the current surge will be an issue that the industrial call service team will have to look closely at. We will be observing that process as they unfold.

But regarding your initial issue and question in terms of the 50/50 legislation, whether that trumps the BRAC law, that, too, is an issue that we are looking at ourselves, all of that.

Part of my answer would have to be that it may well have to be facts and circumstances till we see how the BRAC process plays out and see what the recommendation are and where the 50/50 ratio is at that point in time. But it may well be worthwhile looking closely at the BRAC law. I know we are going to look at it closer to see if we have any better insights on that. I would be glad to work with you and your office as we do that. I don't have a final answer on that today.

Mr. ORTIZ. Thank you. You know, one of the things that really disturbs me is that they have not taken into consideration, you know, when they talk about military value, encroachment, and unencumbered skies for training, we don't have to go too far, but we can go to California and see what happened to Camp Pendleton. They can't train. This is two valuable assets that we need: skies so that they can train, and also, you know, the land training areas.

So I don't know how they can use these as a critical military value, when those two things are not taken into consideration.

Mr. HOLMAN. Well, certainly the issue of encroachment and diversity of environment I think are reflected in the military value criteria No. 2, specificity even added by the Congress to say look at those issues. I agree with you, those are very important issues. I think the military departments will have to look at that. And again, that is another issue that we have examined from various vantage points and we are in the process of examining DOD's most recent report on that issue in terms of a plan for dealing with encroachment. We will be providing a report to the Congress hopefully in a few weeks on that.

But again, it is an issue that is there. It is real. I think the frustration I share in that is that we have difficulty—DOD has difficulty clearly articulating the magnitude of the problem and the precise impact on training ranges.

I have, and I can go visit many training ranges, and I can see that there is an impact limitation on what training can be done. But in terms of someone actually having the hard data to precisely measure or even somewhat measure the actual impact, I haven't seen it yet. But I am hoping that the—that we will increase the tension in the BRAC round.

Again, we will have to see how it plays out over time.

Mr. ORTIZ. Thank you very much. Thank you, Mr. Chairman.

Mr. HEFLEY. Dr. Snyder.

Dr. SNYDER. Thank you, Mr. Chairman.

Mr. Holman, would you pretend you are my eighth grade algebra teacher and explain to me the question I asked Mr. DuBois earlier, how that calculation was made and how they arrived at their 24, 23 percent of excess capacity based on the 1989 force structure? Do you have a good understanding of that calculation?

Mr. HOLMAN. Dr. Snyder, we have looked at it. Our methodologists tell us that the process DOD has used is appropriate. I think the caveat I would add with that, and I say it is appropriate in that they have looked at actually the number of bases that are included in their analysis. They looked at the various categories of bases. They have come up with their various indices to measure excess capacity. Then they applied their math, as you referred to, to weight the bases and the categories of bases and to come up with a percentage of excess capacity.

Now, we have gone through and we have checked the formulas and they work. Still want to check the one to get to the actual total capacity for all of the bases. That is the one that, even though they may have a mathematical formula for doing it, I do have some question about the merits of adding those up and coming up with that figure.

For example, you know, they haven't taken—I will just use depots as an easy example. They haven't taken the depots from the Army, Navy and Air Force and added those up and get a total capacity for the depots. That was probably fairly easy, given the metrics that they used. But some of others are more difficult where the metrics between the services are different.

So I have a question. If you can't really do it for individual similar categories of bases, I have difficulty understanding how can you do it, ignoring the categories and just do it as a whole. I might ask Mr. Kennedy to elaborate, because he has looked at some of that data more rigorously than I have.

Mr. KENNEDY. Like this gentleman said, we have looked at the math for coming up on an individual functional areas. We understand those formulas. Now we are in the process of just trying to get behind when they come up with, for the Air Force the 24 percent, or for a particular service the math behind that. We haven't gone that far yet, since we just received the report like you did recently.

Dr. SNYDER. Well, it was my characterization earlier that they basically took force structures in 1989 with a number of—amount of equipment, and amount of personnel, took those numbers, and then pretended like they were going to put all of those on the bases that we have today, and looked around and said, look, we still got more room. Is that an accurate—

Mr. HOLMAN. I wouldn't quite put it that way. But what I would say is that one of the things that they did is to take an individual base—and I forget whether it was Mr. Marshall or who it was who alluded to the fact that you could have more than one function on a given base.

But for the purposes of this analysis, they assumed that there is only one function there, and then calculated a capacity figure based upon that. That is a weakness in the methodology. So, I mean, we have previously pointed out a number of different shortcomings in that approach.

But again, having said that, some of the areas do stand out as ones that historically have been identified as warranting additional analysis to see whether there are opportunities for consolidation and savings.

I wouldn't begin to prejudge those categories at this point based on what happened at a prior BRAC round, because so much has changed in the intervening years. But I do think that despite the weaknesses in what I perceive to be weaknesses in the methodology for that capacity analysis, there is enough data there that gives an indication that it is probably worth looking at more closely.

Again, if that methodology were going to be applied to the actual BRAC round, I think we would raise many questions about it.

Dr. SNYDER. That is just their preliminary. I got you.

I didn't press Mr. DuBois when he was here, but when I asked about congressional input in the process from individual Members with a parochial interest in a base as this process goes along—because, you know, he is here, shares the same view I think a lot of Members do, he is apprehensive about communities going out and hiring expensive lobbyists and what they are going to get for it.

Hopefully that is a waste of money. If it is not a waste of money, then we have a real problem with our process.

On the other hand, he at a previous hearing talked about, well, Members can be zealous advocates for their base. But then that begs the problem of wait a minute, the process should be protected from congressional input also, except in some kind of transparent way that all Members would have input.

Do you have any thoughts about where that aspect of things about—is the process going to be, in your view, as practiced, going to be fair and equitable when it comes to input from people outside of the process, whether it is lobbyists or Members of Congress?

Mr. HOLMAN. Well, certainly the BRAC process as it has been established has a set framework that tries to protect the integrity of that process. Is it foolproof? I can't say that it is. It depends on the adherence to the rules by everybody. I think there is a role for communities to play certainly once the recommendations come out, as they get information before that, in terms of any concerns that they have.

If this BRAC round goes through to completion, it will be the second BRAC round I have participated in. BRAC 1995, I know I was here on the Hill for many meetings, meeting with Members and their staffs with concerns they had about the process that were related to their constituents.

We took seriously all of the issues that were raised. In fact, they helped us at times through the things that we were looking at.

Certainly, you know, I am hard pressed to say what a community should do in terms of hiring consultants to help them or not. It does seem like exorbitant fees that are being charged. They are getting a lot to serve the communities. But it is really a decision the community has to make as to how far they want to go with that.

But I think there are appropriate opportunities for input into the process as it unfolds later, certainly through the Members in terms of issues that arise. You know, given our resources and time constraints, we can't look thoroughly at every issue that is raised, but I would have to say we do get some good information every once in a while that causes us to look at certain issues more closely than we might otherwise.

Dr. SNYDER. Thank you, Mr. Chairman.

Mr. HEFLEY. Mr. Taylor.

Mr. TAYLOR. Thank you, gentlemen, for sticking around so long. I guess something that I don't think the GAO looked into, but I will give you the opportunity to respond. In the years that I have been here, I have had Secretary of Defense Cheney come sit right where you are, and said, I am canceling the A-12 program, and it was canceled.

The Crusader—and at the time, J.C. Watts was a very influential member of this committee, a rising star in his party politics—was to have been made in his district. It was canceled.

The Commanche, just a couple of weeks ago, the Secretary of the Army appeared before this committee, had the Chief of Staff of the Army sitting next to him. He said, we are canceling it. Done.

The Air Force had very ambitious plans as to how many B2s would be made. I want to say they wanted like 100 in the begin-

ning. We ended up making about 20, 24. So we saw the same thing with LCAC production down my way, landing craft. And then the Seawolf submarine, again from a very politically influential part of the country. After three, that was it.

I will contrast that with the assertions by some that Congress can't end a program, that the reason we have to give it to the bureaucrats, the reason we have to ignore Article I, Section A of the Constitution is that Congress isn't capable of saying that this base has to go.

Keeping in mind that the military came forward to us and said no more Crusader, Comanche, Seawolf, LCACs, I will contrast that with on the one hand we are being told by the Secretary of Defense we have this excess capacity, and yet I have never had a general, an admiral, or service chief or the Secretary of the Army, Navy, or Air Force sit in that chair and say, I want to close base x, or we need to reduce in scope base Y.

So I think it begs the question, if they are willing to step forward and take on some influential Members of Congress and say the program made in your district is no more, I think it begs the question, why do we have to delegate this away when it comes to bases? Why do we need to spend all of this money for a commission? Why do we spend the money for so called consultants to save communities? Why does there even need to be a BRAC if the generals and the admirals can't identify a single base that they want to close?

I think it is a very basic question to what you—what you were tasked to do. Why have it at all? How can you on the one hand say we have 20-something percent excess capacity, but they can't name a single base? Did you ask them that question?

Mr. HOLMAN. Mr. Taylor, the process that we have today is a by-product of difficulties associated with closing bases in the past. Secretary DuBois gave a pretty historical perspective on that. The only thing I would add to what he said is that one of difficulties in the 1970's and 1980's when Secretaries of Defense wanted to close bases, there were hurdles thrown in their path; legislation was enacted that made it very difficult.

Before the BRAC legislation of 1990, the Secretary of Defense tried to close bases on his own. I think at one point he even had his own commission. But those efforts were fraught with a lot of concerns for Members of the Congress that perhaps certain bases were being targeted for closure, adversely affecting certain Members. So there was a lack of trust on both sides of the aisle.

And my reading of the history, again I wasn't involved way back then, but I looked at the history of it. It suggests that the BRAC process was set up to try to mitigate the concerns that would exist on both sides as to the fairness and integrity of the process. That is why I think we today have such a fairly rigid schedule with the BRAC process. We have certain checks and balances that were put in place.

Reference was made earlier to a requirement for certification of data. That was put in following the 1991 round when there was—

Mr. TAYLOR. You are saying they encountered some problems in the 1970's and 1980's, and now 24 years later we still won't get a general or an admiral or a service chief to step forward and say,

I am going to close this base? We have to delegate our authority that the Constitution gives us?

I think this is a very basic question. So I wasn't real pleased with that answer. Anyway, going back to my questions to the Secretary. To what extent, since as we sit in this room and listen to testimony, and it is good testimony that says we need to look out for force protection in the wake of Khobar Towers and what happened to the Marine barracks in Lebanon, we certainly need to keep in account quality of life for the three services that do count on retaining at least 50 percent of their enlistees and try to make career people out of them, and the effects of quality of life on the families, which in turn has a heck of a lot to do with whether or not the service person is going to stick around.

And, again, having been through this, as those of us, most of us, have been through the real heartache of the military retirees in feeling that they were betrayed for a number of reasons. Part of it caused by base closure when the hospital went away. Part of it caused as a result of the drawdown when the whole force was drawn down, as was the medical corps. To what extent are you convinced that those very important factors will be considered by future rounds of base closure?

Mr. HOLMAN. Okay. Well, one of things that would tell me that the issue will be addressed somewhat is the fact that there is a cross-service team that is looking at medical issues. So they will have to look at the requirements for medical care. In doing that, I think they will—obviously they will give priority to the military criteria, the first four. But you get down to the criteria No. 6 and number 7, I think in doing that, they will have to look at the impact on the community.

Mr. TAYLOR. What guarantees do we have that they will do that? Where is it spelled out that they will do that?

Mr. HOLMAN. Given the fact that they are going to be looking at medical issues, one you cite particularly, I would think that they would have to.

I mean, certainly we will be looking at the process.

Mr. TAYLOR. You would think that they have to. What guarantees are in the present legislation that they have to do that?

Mr. HOLMAN. Well, again, if you are looking at the impact on the community, I think you have to look at those in the community that will be affected.

Now, I can't tell you today what weight that will be assigned in the BRAC process. That is up to DOD. They are still—that process is evolving. We are watching it. We will look at that issue to see to what extent they do address it. But I am not—everything I know about the BRAC process—

Mr. TAYLOR. So say they don't address it. We get a GAO report that says they fail to do it, and the military treatment facility is gone by this time. How about quality of life? One of the things that just, I think, burns the taxpayers up is paying for something only to shut it down.

To what extent are they going to give preferential treatment to bases that have new barracks, that have new mess halls, only to shut them down and go build another one at taxpayers expense, which comes out of our limited budget all over again?

So what guarantees do we have that they are going to take that into account? Because I don't think they took that into account in previous rounds.

Mr. HOLMAN. From what I know and what I have seen that was taken into consideration, in terms of the assessing the cost and savings from BRAC rounds, there is a COBRA cost model that is used by the DOD personnel as they are looking at various alternatives. It looks at the current cost of operations. It looks at the cost of operations in a closure realignment environment, and it looks at the cost to close.

All that will take into consideration military construction planned, underway. It has to look at replicating facilities on another base if you are shifting something to another base. So it is factored into the process.

However, I do share your concern, and certainly, it is a congressional decision in terms of when a base closure occurs, whether it is delayed or whether it occurs later. One of those arguments, if you are going to do it sooner rather than later, is to avoid continuing to spend money on military construction on bases and then perhaps have one of them close in a few years when you get around to a base closure. It is an inescapable issue that you are going to encounter because you are going to have new facilities on various bases.

Mr. TAYLOR. The conflicting situations, okay, to what extent will they factor in the cost of cleaning up bases? Because in most instances that I recall, they never even bothered to test to see if the base was clean until they were ready to get rid of it. So there were some very expensive surprises when we discovered bases where people were living cost a lot of money to get rid of it. So we spend \$14 billion then gave the base away.

I will contrast that with, if you tell me that it is a major consideration, then doesn't that lead to the situation where the newer and, hence, environmentally cleaner bases are suddenly held at a disadvantage because they are cheaper to close even though it is a better quality of life and we don't have to worry about lead poisoning, mercury poisoning, Agent Orange? So I would think it would be one or the other. And neither one is a good deal.

Mr. HOLMAN. A couple points on the environmental cleanup: Certainly, and it has been a perennial argument as to what extent you include restoration costs in that criteria Number 5 when you are trying to get your return investment, how long it is going to take for the closure cost.

Mr. TAYLOR. If I may, sir, are they going to do a full environmental assessment of every single base prior to this to gauge the cost of what it would cost to clean it up and should we get rid of it?

Mr. HOLMAN. I am going to come to that, but let me continue along the vein I was going. They will look at the cost of closure and realignment. They use a COBRA model. How long does it take for those costs to offset, so you start getting savings? In doing that and making comparing alternatives of what you want to look at for base closures, historically, the policy decision has been that they do not include restoration costs principally because it is difficult to

fully know what those costs are until you have made a closure decision, and then you do—

Mr. TAYLOR. How in the heck can you compute your savings if you are not figuring that cost?

Mr. HOLMAN. What I just gave you was the point where you are doing the analysis for comparison of alternatives in the BRAC process. You don't have those full costs to include, so by policy decision, they have not included those in the past.

However, once a BRAC decision has been made, it is finalized. I mean the data that is in the COBRA model is the model that is being proved each year, is not budget quality data. Each of the services then have to put together implementation budgets to close a base.

When they are doing that, at that point, they have to factor in their estimated costs for environmental cleanup. When they do that, that then it gets factored into their estimates of savings from base closures.

Mr. TAYLOR. Mr. Holman, we are counting on you to be our accountant. So what you are basically letting them say is, we will figure there will be no environmental cost when they compute their savings and yet because the Nation has to live by the same ground rules as every business in America, we can't dispose of something that is dirty. We have to clean it up. You are letting them totally ignore those costs? And thus far—and I am told in 1990, that was never a consideration—we have now been burned to the tune of about \$14 billion. At what point do the accountants we are counting on to help us make a good decision say, maybe, it should be a factor? In fact, it has to be a factor.

Mr. HOLMAN. Let me say, to date, the figure that we have is about \$6.9 or \$7 billion, has been spent for environmental cleanup, and there is probably another \$3.5 billion after this that will be incurred.

Again, you raise an important issue. It is one that has been widely debated. But the question becomes one of how much data do you have at the point the base closure decision is made that you can project what the cleanup costs will be. Keep in mind that one of the factors that is going to affect how much of the cleanup you do and the cost is the planned re-use. Until you have made that closure decision, you don't know what, for sure, what that re-use is going to be.

In fact, we have seen they make those decisions sometimes, and once the communities get more engaged in developing their plans, they may come back and want a different use than what was originally planned. All of those things affect the environmental cost.

Now, I would love to see, if it were possible, all of our environmental costs and make a clean decision. But there are so many of those things that you can't know at the point you make that BRAC decision. So they have made a policy decision to exclude those costs in terms of their comparing bases.

Now, it does get some consideration in Criteria 8. But that is one of the issues we raised when we provided comments earlier this year to DOD on their draft selection criteria. We said, it is not clear to us and we don't think it will be clear to the public or to Congress and to what extent you are going to include environ-

mental costs. We suggested to them they needed to act to clarify their intent.

They have indicated to us they will be issuing clarifying guidance. I haven't seen it yet. But they have promised that will be forthcoming. But I am trying to just explain where we sit, what has always been the rationale and the policy for the previous BRAC rounds.

Mr. TAYLOR. The numbers I have seen are in the \$13 to \$14 billion range of what it costs to clean up bases or will cost to clean up bases that have already been identified. You are saying \$6 to \$7. Either way, we are talking about a figure that is larger than the annual State budget for my home state; \$7 billion is a lot of money.

Would the BRAC language, from an accounting point of view, as far as looking out for the citizens' money, would it be improved by including a provision that requires that the bases be tested for the presence of contaminants because that, obviously, will be a factor?

And since he wasn't here today, and I will give him the opportunity to call my hand on it, but I certainly thought I clearly heard the Secretary of the Navy Gordon England say in response to my criticism that we have spent all this money to clean up properties that we gave away, that it was fully their intention to sell the bases this time. And we certainly cannot sell them if they are not clean.

Mr. HOLMAN. But, again, the amount of what it is going to cost for that environmental cleanup is going to be driven in part by the intended re-use of that property.

Mr. TAYLOR. I am going to call your hand on that. I think you are mistaken. I think we cannot transfer that property unless it is cleaned up.

Mr. HOLMAN. You have to have it cleaned up. I agree with you on that.

What I am saying, though, is you will not be—until you make a determination of what the re-use of that property is going to be, that determination will affect, in part, what it is going to cost to clean up that facility. If it is going to be for industrial use versus a housing use, the standard is going to be different in terms of what the requirements for cleanup are.

Now, keep in mind that, even though those costs are not factored in when they are comparing alternatives between bases, those cleanup costs are factored into the savings estimates. So what DOD depicts as a net savings incorporates environmental costs that have been incurred to date. They don't incur those that are yet—don't include those yet to be incurred, but they do include those that have been incurred to date.

Now, again, you could require that they do a certain amount of testing. I mean, for us, what I would be interested in seeing is that whatever is done, that it is done consistently for all bases so that all bases are treated equally. To the extent you have a set amount of data, I think it is appropriate to use it as long as we are doing it consistently for all bases.

Mr. TAYLOR. I would like to hear your thoughts going back to health care. Section 726 establishes a working group on military health care for persons relying on health care facilities at military

installations to be closed or realigned: Section A, establishment, no later than December 31 of 2003, the Secretary of Defense shall establish a working group on the provision of military health care to persons wholly on health care for health care at military health care facilities located at military installations. Has that been established yet?

Mr. HOLMAN. Mr. Taylor, I don't know, but I will soon find out.

Mr. TAYLOR. Okay. Second thing that I find troubling is going all the way—jumping to F, under termination: The working group established pursuant to the subsection shall terminate on December 31, 2006. I am a little concerned that we have—in effect, may establish a group that apparently will not issue its report until after bases are already closed.

And I would like to hear your thoughts on whether or not this fig leaf that was held out to the military retirement community is nothing more than a ruse.

Mr. HOLMAN. I will have to confess, Mr. Taylor, I am short of information on that. But we will discuss with DOD officials as to where they are on that and any plans they have for integrating that input into the BRAC process for further information. I just don't know at this point, but we will check.

Mr. TAYLOR. How soon can you get back to us on that since we have markup before Memorial Day?

Mr. HOLMAN. As soon as I can get someone to meet with us from DOD, we will try and get some answers.

[The information referred to can be found in the Appendix beginning on page 88.]

Mr. TAYLOR. You have been very generous. Thank you, Mr. Chairman.

Mr. HEFLEY. Mr. Ortiz.

Mr. ORTIZ. You know we are talking about the possibility of two new divisions for the Army, one for the Marines, bringing soldiers back from South Korea, even from Europe. Where are we going to put them?

Mr. HOLMAN. I think that is the big question. And again, Secretary DuBois has indicated they will fold that into the BRAC process.

We will be looking closely at it. You are bringing divisions back potentially. The Army is also creating these new brigades. There is a question of where they are going to be stationed. All I can tell you at this point is that is something we will be watching as we monitor the BRAC process.

Mr. ORTIZ. This is why I would rather see this process postponed for at least 2 years. We want to do something responsible, something that we are not going to regret.

Thank you, Mr. Chairman.

Mr. HEFLEY. Mr. Holman, I think you mentioned that you reviewed criteria and made some suggestions.

Mr. HOLMAN. Yes, sir.

Mr. HEFLEY. Did they pay any attention to your suggestions? Did they change anything because of your suggestions?

Mr. HOLMAN. We gave them the option of either incorporating or responding to our questions in the criteria themselves or issuing supplementary guidance. They elected to go to the supplementary

guidance route. Again, I haven't seen it yet, but I am looking forward to seeing it.

Mr. HEFLEY. That is supposed to take into consideration your suggestions but not in the formal criteria.

Mr. HOLMAN. Yes. I mean, again, the two issues we raised, one had to do with the total cost to the Government. We were concerned that when they got into using the COBRA model to look at costs and doing the trade-offs in terms of return investment, how long it would take to close a base and get a return on that investment—we had one particular instance in BRAC 1995 where there were some significant costs that were going to be associated with another Federal agency if a base closed.

But that was an issue that we had raised in previous BRAC rounds that, yes, it is a important for DOD to reduce costs, but we need to be mindful of costs that are affecting other agencies.

So we said and legislation required DOD to consider that, but we didn't see it in the criteria. So we said we want to be sure that DOD as well as individual military services, when they start looking at the cost, that they were looking at total cost to the Government. So our concern was to elevate it, give it visibility and get DOD on record that they were going to deal with that. They said they will in terms of additional guidance.

Again, we will be looking to see as we watch each of the services and the different service teams go through their process, we will be looking to see that they, in fact, do that.

The other one had to do with the treatment of costs for environmental cleanup. Again, they say they will address that in supplementary guidance to their working groups. And we will be looking to see that also.

Mr. HEFLEY. Well, when you get those supplemental guides, we would like for you to share that with us because they paid absolutely no attention to us and about 200 suggestions that came in from Members of Congress and others. And it will be interesting to see if they paid any more attention to you than they did us.

Obviously, they didn't pay any attention in terms of changing the criteria. They zeroed in on that criteria and decided that was it and no one was going to mess with that, evidently. But it will be interesting to see if they take your suggestion and somehow incorporate it into the process.

Mr. HOLMAN. If I may make an observation on that, we did look at the various comments that came in from the average citizens, Members of Congress, everybody, in terms of that. I personally thought there were some pretty good comments that came in, ones in terms of looking at intellectual capital, the professional workforce requirements, the ones that would suggest that the criteria needed to recognize—I mean the criteria, particularly with the additions this year, tend to give more of an operational military flavor to the direct emphasis on the support activities.

Personally, I thought the criteria could have been tweaked to recognize that. But that it wasn't, I am not sure that—and we will watch the process play out obviously.

But I don't think that that will adversely affect RDT&E facilities and others. Because as each of those cross-service teams apply that BRAC criteria, they will have to apply it against that particular

function. So they will of necessity need to consider any number of these factors. And from where I sit at this point, I think they will.

Certainly, it would have been nice if they had reflected on some of them, but they didn't. I don't necessarily think that will adversely affect the process.

Mr. HEFLEY. Well, I want to thank you very much and appreciate again you spending the whole afternoon with us and appreciate your testimony and help as we go through this process to understand it better, to try to help it be a more logical, realistic process than some of the others have before. Thank you very much.

The committee stands adjourned.

[Whereupon, at 4:38 p.m., the subcommittee was adjourned.]

A P P E N D I X

MARCH 25, 2004

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 25, 2004

HOLD UNTIL RELEASED
BY THE COMMITTEE

STATEMENT OF

**MR. RAYMOND F. DUBOIS
DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS AND ENVIRONMENT)**

**BEFORE THE SUBCOMMITTEE ON
READINESS
OF THE HOUSE ARMED SERVICES COMMITTEE**

March 25, 2004

INTRODUCTION

Thank you, Mr. Chairman, and members of the subcommittee for the opportunity to testify today about the Base Realignment and Closure (BRAC) process authorized by the Congress. In accordance with the authorizing legislation, the Secretary has certified that the need exists for the closure or realignment of additional military installations and that the additional round of closures and realignments authorized for 2005 will result in annual net savings for each of the Military Departments, beginning not later than fiscal year 2011. This certification is contained in the report that was provided to this Committee earlier this week. Today, in addition to discussing the report, I will discuss the BRAC process generally, including what the Department expects of BRAC for 2005 and what it achieved in previous rounds of BRAC.

The Secretary's certification of the need for BRAC is a direct result of the changed world in which we live. The conclusion that an additional round of BRAC is needed is shared not just by the Department's civilian leadership but also by the Chairman and Joint Chiefs. Changes in the threats we face, how we prepare for those threats, and changes in technology require that we reconfigure our force structure to most effectively and efficiently support our forces. Our force structure and the way we employ it is already transforming and this will continue. BRAC has proven to be the most effective and comprehensive tool to position our base structure to accommodate and facilitate this transformation. Therefore, an additional base realignment and closure (BRAC) round is essential to the Department's efforts to transform the Armed Forces to meet the threats to our national security and to execute our national strategy.

The Secretary's certification that there is a need for BRAC also reflects the fact that the Department retains excess infrastructure capacity, even after the previous four BRAC rounds. Excess capacity diverts scarce resources from recapitalization. The report we have provided includes a "discussion of the categories of excess infrastructure and infrastructure capacity" as required by the legislation. Elimination of excess capacity is an important goal of BRAC because it is important to the Department's stewardship of the taxpayer's dollar and to its application of taxpayer resources to achieve their maximum effect. I must note, however, that the Department is focused on the elimination only of truly excess capacity – that which is not important to preserving military value. The Secretary has not established any quantitative capacity reduction targets for BRAC and the Department will not eliminate assets, even if only used marginally, wherever these assets are important to the preservation of the capabilities the Department must retain and enhance. This was a key consideration in the previous rounds and is even more important now.

BRAC 2005 will be a capabilities-based analysis. The Department recognizes that the threats our Nation now faces are difficult or even impossible to forecast through conventional analysis. That realization compels us to review our facilities in BRAC within the context of the *capabilities* they offer instead of viewing our facilities against definitive requirements. Because it is critically important for the Department to retain the infrastructure necessary to accommodate its ability to "surge", the Department is gauging its installations against the range of threats faced by our Nation so that it can differentiate among and capitalize on those that offer needed capabilities, and reconfigure, realign or

close those that do not. The previous BRAC rounds demonstrated that DoD has, in fact, focused on the elimination of assets that are "reconstitutable," that is, available through construction or purchase in the private sector, while retaining difficult to reconstitute assets like land maneuver areas and airspace for training.

The Secretary has directed that BRAC must: further transformation by rationalizing infrastructure to force structure; enhance joint capabilities by improving joint utilization; and convert waste to war fighting by eliminating excess capacity. I know that you share the Department's goal that BRAC 2005 must result in a base structure configured to most effectively and efficiently support the capabilities necessary to meet the threats of today and tomorrow. I also know that this Subcommittee appreciates the fact that every dollar wasted on unnecessary infrastructure is a dollar diverted from improving Defense capabilities. That is why Congress authorized BRAC 2005 – it is the only process that uses a rigorous, objective process rooted in military value to rationalize the Department's infrastructure.

The BRAC 2004 Report

As a basis for the Secretary's certification that an additional round of BRAC is necessary and will produce savings, Congress asked the Department for a report that included, among other things, a force structure plan and a discussion of categories of excess infrastructure capacity. That request is entirely appropriate as the Department should not embark on an effort with the severity of impact associated with BRAC without an appreciation within the legislative branch of the necessity for such action. The

certification of the Secretary regarding the need for BRAC coupled with the documentation contained in the report establishes a solid foundation for the need for and the importance of BRAC 2005.

As required, the report includes a force structure plan based on a 20-year threat assessment, probable end-strength and major force units to meet those threats, and anticipated funding levels; a comprehensive worldwide inventory of military installations; a description of the infrastructure necessary to support the force structure; a discussion of categories of excess infrastructure capacity; and an economic analysis of the effect of closures and realignments. In determining the level of necessary versus excess infrastructure, the report must consider the continuing need for and availability of installations overseas and the efficiencies that can be gained from joint tenancy. Based on the force structure plan and infrastructure inventory and the economic analysis, the Secretary certified that the need for BRAC exists.

The force structure plan was developed by the Joint Staff based on the probable threats to national security from 2005 to 2025. The complete force structure plan is included in a classified appendix to the report. A higher level discussion for the years FY 2005 through FY 2009 is included in the unclassified portion of the report.

The inventory contained in the report is drawn from the Department's Facilities Assessment Database and also includes a separate list of leased facilities provided by the Military Departments, the Defense Logistics Agency, and Washington Headquarters Services. The inventory identifies over 522,000 facilities owned by the Military Departments, arrayed by Military Department or defense agency user, location, and

category. The inventory also specifies whether the facilities serve the active or reserve components. For leased facilities, the report identifies almost 3,000 leases of the Military Departments, Defense Logistics Agency, and Washington Headquarters Services, and includes notation regarding whether those leases serve the active or reserve components. The report provides an overview of the need for bases overseas and concludes that a network of main operating bases with forward-stationed combat forces will continue to provide the U.S. with an unmatched ability to conduct military operations worldwide. While some overseas bases will be realigned or consolidated to gain efficiencies and to eliminate excess infrastructure as a result of the overseas posture review, in the foreseeable future, main operating bases will continue to be located on reliable, well-protected territory primarily in Europe and East Asia.

The report discusses the efficiencies that can be gained from joint basing, noting that the Joint Cross-Service Groups will play a role in the Department's examination of cross-cutting solutions for business-oriented support functions. The report also notes that the Military Departments are examining options for integrating reserve and active duty components into "blended units," combining related functions' support assets; combining/collocating assets and units to facilitate rapid mobilization; redistributing and consolidating training; and creating joint product centers.

Capacity

To estimate excess capacity, the Department focused on a significant sample of the inventory of major U.S. installations representing broad categories. The analysis

builds on the methodology first used in a similar report provided by the Department to the Congress in 1998. The 1998 analysis indicated 23% of DoD's capacity could be considered excess, projecting to a 2003 end state. In the current analysis, the Department projects to 2009 and finds that approximately 24% of the infrastructure may be excess.

It is important to be clear about what this analysis is and what it is not. It is a conservative snapshot of the Department's current infrastructure in its existing configuration. It is not an analysis that takes into account reconfiguration or cross service opportunities. It is a discussion of categories of excess capacity in the aggregate. It is not a detailed and comprehensive analysis of all installations using certified data regarding specific base capacity, considering the unique infrastructure requirements of specific force elements or military functions, all within the framework of selection criteria that provide primary consideration to military value and based on a force structure plan that considers threats looking out 20 years. Bottom line, this report was not developed using the BRAC process and cannot be used as the basis for specific closure and realignment recommendations.

The analysis in this report provides the evidence necessary to support a certification that BRAC is necessary. This comports with the position taken by the General Accounting Office (GAO) in its review of the 1998 report. In their review of that report, the GAO noted that this approach provided a rough approximation of capacity and it also noted that its previous work indicated excess capacity remains.

Savings

To estimate the savings for BRAC 2005, the report uses an aggregate of the last two BRAC rounds as a benchmark. During BRAC 93 and 95, infrastructure representing about 12 percent of the Department's infrastructure plant replacement value (PRV) was eliminated through realignment or closure. This report demonstrates that today most functional categories continue to retain excess capacity.

If the same amount of the Department's PRV is reduced during BRAC 2005 (12%), the expected net savings for year 6 (2011) of the BRAC implementation process would be about \$3 billion. Experience suggests that the Department would achieve a recurring savings of about \$5 billion for each year thereafter. If 20 percent of the Department's PRV is reduced, the expected net savings for 2011 would be about \$5 billion, with a recurring savings of about \$8 billion for each year thereafter. The experience of previous BRAC rounds suggests that each Military Department will achieve annual net savings beginning not later than Fiscal Year 2011, the sixth year of implementation. The actual costs and savings from BRAC 2005 actions will, of course, depend on the specific recommendations adopted.

The report also provides an overview of the affects of prior BRAC actions on local communities and highlights reuses success stories.

THE BRAC 2005 PROCESS

In authorizing the BRAC 2005 process, the Congress recognized the efficacy of the methodology used in the last three rounds: all military installations will be reviewed, all closure and realignment recommendations will be based on approved, published

selection criteria and a force structure plan, with military value as the primary consideration. In establishing the Department's approach to implementing the legislative framework provided by the Congress, the Secretary has stressed the importance of enhancing the joint utilization of our infrastructure to improve joint capabilities.

To emphasize joint capabilities and in recognition of the importance of this effort, the Secretary established a senior chain of command for conducting the BRAC analysis that is joint at every level. Specifically, he established the Infrastructure Executive Council (IEC), chaired by the Deputy Secretary, which is composed of the Secretaries of the Military Departments and their Chiefs of Services, the Chairman of the Joint Chiefs of Staff, and the Under Secretary of Defense (Acquisition, Technology, and Logistics) as the policymaking and oversight body for the entire BRAC 2005 process. The Secretary also established a subordinate Infrastructure Steering Group (ISG) chaired by the (acting) Under Secretary of Defense for Acquisition, Technology and Logistics and composed of the Vice Chairman of the Joint Chiefs of Staff, the Service Vice Chiefs, the Military Department Assistant Secretaries for installations and environment, and myself. This structure has, in fact, strengthened the joint process for BRAC 2005 that will advance transformation, jointness, combat effectiveness, and the efficient use of the Department's resources by effectively capitalizing on the military value of our installations.

Based on the Department's own experience, and as the General Accounting Office has addressed, the attention of senior leadership is essential to ensuring the difficult decisions required will be made in a timely fashion. To this end, the ISG and the IEC provide senior oversight and decision making authority that will keep the process on

track. I am confident that BRAC 2005 will achieve its potential to materially improve the manner in which military infrastructure supports our war fighting capability.

Additionally, the Department realizes through its experience in the past round and as recognized by the General Accounting Office, that a strengthened joint analytical process is necessary to utilize the full potential of BRAC. The previous rounds were service-centric with little joint decision making or joint analytical authority. In response, and to further reinforce the importance of enhancing joint capabilities, the Secretary has directed that the analysis of common, business-oriented support functions will be conducted by joint cross service groups which will develop closure and realignment recommendations for review by the ISG and IEC. Service-specific operational functions will be analyzed within the Military Departments. The Secretary has designated seven broad areas for joint, cross-service analysis. These are: Education and Training, Headquarters and Support Activities, Industrial, Intelligence, Medical, Supply and Storage, and Technical. The members of these groups are drawn from Office of the Secretary of Defense, the Services, and appropriate defense agency personnel with senior level responsibilities within their respective functions. This structure contrasts with the previous round wherein the Department constrained its joint cross-service analysis by limiting the authority of the groups conducting the analysis and by assigning them a much more limited role.

The legislation authorizing BRAC 2005 provides the Congress with key controls as part of its oversight role in the BRAC process, specifically regarding the Commission, its recommendations, and in the selection criteria the Department will use as the

framework for its analysis. Regarding the selection criteria, the Secretary published the draft selection criteria in the Federal Register on December 23, 2003, for public comment. We received well over 200 letters from Members of Congress and the public during the comment period and carefully considered all of them. The Department's final selection criteria were published in the Federal Register on February 12, 2004.

Besides the criteria and the report, other key dates in the statutory BRAC timeline include the requirement for commissioners to be nominated no later than March 15, 2005; the deadline of May 16, 2005, for the Secretary to forward his recommendations to the independent BRAC Commission; and the requirement for the Commission to submit its report to the President no later than September 8, 2005. The President must transmit his approval of the Commission's report to the Commission and the Congress no later than September 23, 2005. If approved by the President, the Commission's recommendation becomes binding 45 "legislative days" after Presidential transmission or adjournment sine die, unless the Congress enacts a joint resolution of disapproval.

Overseas Posture Review

The Department is also accomplishing transformation of its overseas infrastructure through the global defense posture review. Our current posture reflects the Cold War strategy, with US forces forward deployed primarily to fight near where they were based. Today's environment requires more agile, fast and lean forces able to project power into theaters that may be distant from where they are based. This agility will require not only a shift in military forces, capabilities and equipment, but also a new basing strategy.

The new posture will enable the Department to respond more quickly to worldwide commitments and will make better use of our capabilities by thinking of our forces globally. We will tailor our forces to suit local conditions while strategically pre-positioning equipment and support. We anticipate realigning or closing some large permanent bases in favor of small and scalable installations better suited for deployments.

As the President announced in November, we will "realign the global posture of our forces" to better address the new challenges we face and will be consulting with our friends and allies around the world to incorporate their input in our plan. Secretaries Rumsfeld and Powell have begun to describe our efforts on recent trips to Asia and Europe, and senior Defense and State officials will continue the consultations. We plan to finalize the global posture review in time to inform domestic BRAC recommendations, where appropriate. We will also continue our consultation with Congress on the key items on the transformation agenda.

PAST BRAC ACCOMPLISHMENTS

The previous BRAC rounds have demonstrated that the process can generate substantial changes and substantial savings. I would like to review these accomplishments:

Costs and Savings

The four BRAC Commissions, 1988, 1991, 1993, and 1995, resulted in the closure or realignment of 152 major installations and 235 smaller installations. As this

committee knows, the Department invested approximately \$22 billion to implement these recommendations. During the implementation period, this investment was offset by savings of about \$39 billion, netting approximately \$17 billion through FY 2001, the end of the implementation period. Recurring savings after FY 2001 amount to about \$7 billion each year (\$6.6 billion in 2002 dollars).

The savings associated with closing bases generally result from the elimination of base operating support, MILCON and related costs. Examples of costs that can be avoided are: programmed MILCON and family housing construction, environmental compliance that will no longer be required if the activity ceases or the building is demolished, and other costs normally associated with the day to day operation and maintenance of a military installation. The following charts provide a recap of the previous BRAC rounds:

Major and Minor Closures and Realignments

	Major Base Closures	Major Base Realignments	Minor Closures and Realignments
BRAC 88	16	4	23
BRAC 91	26	17	32
BRAC 93	28	12	123
BRAC 95	27	22	57
Total	97	55	235

BRAC Costs and Savings

(\$ Billions)	<u>Costs</u> ¹	<u>Savings</u> ¹	<u>Annual</u> <u>Recurring Savings</u> ²
BRAC 88	2.7	6.8	0.8
BRAC 91	5.2	13.6	1.9
BRAC 93	7.5	12.2	2.3
BRAC 95	<u>6.5</u>	<u>.6.2</u>	<u>1.6</u>
Total	22.0³	38.8	6.6

¹ As of the FY 2005 President's Budget (February 2004) through FY 2001.

² Annual recurring savings (ARS) begin in the year following each round's 6-year implementation period: FY96 for BRAC 88; FY98 for BRAC 91; FY00 for BRAC 93; and FY02 for BRAC 95. These numbers reflect the ARS for each round starting in 2002.

³ Does not add due to rounding.

Savings from prior BRAC rounds are real and significant. That is a position shared by both the General Accounting Office (GAO) and Congressional Budget Office (CBO). For instance, the GAO released a report on April 5, 2002, stating: "In addition to our analyses, studies by other federal agencies, such as CBO, the DoD Inspector General, and the Army Audit Agency, have shown that BRAC savings are real and substantial and are related to cost reductions in key operational areas as a result of BRAC actions."

BRAC Environmental Cleanup

Since the last time we discussed environmental cleanup at BRAC installations, the Department has made steady progress toward achieving its goals, and has worked to improve the entire process.

At the end of FY03, 83 percent of BRAC sites requiring hazardous waste remediation have a cleanup remedy constructed and in place, and 78 percent have had all necessary cleanup actions completed in accordance with Comprehensive Environmental

Response, Compensation, and Liability Act (CERCLA) standards. The Department has achieved these results through several key initiatives: partnering with regulators and local communities, who have an inherent interest in clean property that they can safely and effectively reuse; identification and expanded use of the tools and processes that have proved successful in addressing DoD's cleanup requirements; and new cleanup technologies, which are improving cleanup and driving down costs.

Lessons Learned/Best Practices

The past several years have brought new insights to the Department as we have examined what tools have sped property cleanup and transfer. As I just discussed, expanding partnerships – getting communities and regulators more involved – and finding innovative ways to clean up contaminants and return property to public use continues to be the Department's focus. The Department is increasing the use of the following initiatives:

- Early transfer authority – The Department continues to build trust with regulators and communities to get property transferred faster. We have developed a guide for expanding the use of this special authority, and are encouraged that this will assist in implementing early transfer as a useful tool.
- Uniform Land Use Control Statute – DoD worked closely with state and tribal governments, EPA, and other stakeholders in crafting a uniform state law for implementing land use controls where they are more practical than full cleanup.

The Department actively encourages the states to enact this law, which will remove one of the major encumbrances to BRAC transfer.

- Increased use of performance-based contracting – Rewarding contractors for efficient and effective cleanup promotes innovation in cleanup technologies and processes. By awarding contracts based on performance measures, healthy growth in this area will only contribute to improved cleanup and property transfer. The Department currently has 15 BRAC installations where performance-based contracting is setting the pace for cleanup.
- Increased implementation of the Conservation Conveyance Authority – In the National Defense Authorization Act for Fiscal Year 2003, Congress granted DoD authority to convey surplus property for natural resource conservation purposes to states and non-profit organizations. We are encouraging the Services to consider this as a viable option for properties where it presents the best option for transfer and reuse.

In the past year the Department has been working to increase early transfers of property to communities with property redevelopment goals. Congress granted DoD special authority to transfer its excess property before all environmental cleanup work has been completed, as long as the redeveloper agrees to complete the remaining cleanup work and certain requirements are met. With the Department providing the funding necessary to complete the cleanup, this process gets the property into reuse much faster than if reuse is delayed until the cleanup objectives are met. This saves the Department – and taxpayers – more money in the long-term. The installation, regulators, and

redevelopers work together to plan cleanup and property reuse activities concurrently, speeding up economic growth and renewal. We've seen this process help communities around Mare Island and the Oakland Army Base and we believe it can drastically reduce the amount of excessed BRAC property currently remaining underutilized across the country. An important example of combining economic redevelopment and environmental remediation took place recently at the former Military Ocean Terminal in Bayonne, New Jersey. Using the Early Transfer authority, the Army executed an Environmental Services Cooperative Agreement (valued at \$11 million) that saves the Army an estimated \$5 million and makes the property available for redevelopment earlier. Moreover, the Bayonne Local Redevelopment Authority (LRA) is able to integrate its redevelopment efforts on this 192-acre parcel with its work to create jobs on the remaining 450 acres that were transferred fee simple.

DoD is continuing its long-standing partnership with EPA to speed review and approval of necessary cleanup documents at its BRAC installations. As the Department completes cleanup work at some of these installations, EPA shifts its resources to other areas where their help is needed. In addition, DoD and EPA have collaboratively developed goals and metrics designed to focus efforts in completing the cleanup of BRAC installations by the end of 2005. The status of these metrics is reviewed semi-annually at In-Progress Reviews conducted jointly by DoD and EPA. This partnership facilitates the identification and attainment of practical solutions and cleanup goals.

Civilian Reuse

As of March 2004, the Military Departments have effectively transferred 438,500 acres (85%) of the 515,506 acres that were made available for disposal and civilian reuse through the previous four rounds of BRAC. I would like to recognize the Army, in particular, for disposing of over 100,000 acres itself in 2003, and the Navy for disposing of 71,176 acres at Adak Naval Air Facility. Through October 2003, almost 93,000 new civilian jobs have been created on former military bases through this civilian activity – a 9% increase from the previous year.

The Defense Economic Adjustment Program, through the Department's Office of Economic Adjustment, assists Defense-impacted communities, workers, and businesses. Since 1988, this program coordinated the provision of nearly \$1.2 billion in assistance from other federal agencies to support community recovery and reuse efforts. Over this same period, the Office of Economic Adjustment provided over \$274 million in economic adjustment planning and redevelopment assistance for the preparation of adjustment strategies, reuse plans, and initial organizational staffing. We are seeking to reinvigorate this interagency coordination through the President's Economic Adjustment Committee by expanding its purview to address regulatory issues, and update its membership to include all federal agencies with programs that can assist local economic recovery.

Important to the success of these efforts is the flexibility each Military Department has to apply its delegated disposal authorities in a manner to be responsive to specific local circumstances. These disposal options, ranging from discounted conveyances for

public purposes to public bid sales, enable the Department to partner with affected communities as both seek opportunities for quick civilian reuse of former military installations. A closed installation is often the affected community's greatest asset for mitigating the closure impacts and charting a future that diversifies the local economy, builds on a community's strengths, adds local tax base, and satisfies community public facility needs.

The former Marine Corps Air Station El Toro provides an example of a Military Department using its flexibilities under these delegated authorities to craft a disposal strategy to achieve local reuse objectives. The City of Irvine, while not directly involved in the redevelopment of this former installation, has identified necessary public improvements for the property and will seek compatible zoning for the Navy to then sponsor a sale of the property. This disposal is projected to yield 3,000-plus acres for public parks and open space, as well as funding for required public infrastructure through fees and future property assessments. In return, developers can build on 800 acres per the region's market demand for housing and commercial uses.

CONCLUSION

The FY 2005 budget includes sufficient funding to address all planned BRAC requirements for environmental restoration and caretaker costs for bases closed under the previous rounds of base closure authority. These requirements will be funded primarily through new budget authority and to a lesser extent with land sales revenue. The FY

2005 BRAC requirement is less than that requested for FY 2004 which reflects significant progress in closing installations and completing BRAC cleanup.

The Congress recognized the importance of rationalizing the Department's infrastructure when it authorized BRAC 2005. This recognition was based on the fact that military installations are the deployment platforms for the Nation's fighting forces. While every one of our installations has a superb history of supporting the defense of this nation, the fact remains that infrastructure cannot remain static in the face of the impact of new threats and technology on our warfighting capability. As such, the Department must consider closing some installations and realigning others in order to optimize infrastructure and to ensure the needed physical capacity is positioned and configured to make the most effective and efficient contribution to operations.

Military installations must be positioned to support war fighters and BRAC has proven to be the only comprehensive way to effect material changes. Further, these platforms demand significant levels of funding that simply cannot be wasted on facilities that may no longer be necessary. Savings from BRAC are critical to supporting the reinvestment and recapitalization necessary to maintain the Nation's enduring installations. The Department will ensure that BRAC is conducted in a manner that is a fair, objective, disciplined, and comprehensive analysis that makes military value the primary consideration.

In closing, I sincerely thank you for this opportunity. We appreciate your strong support and look forward to continuing to work with this Subcommittee as we reshape our global infrastructure.

**QUESTIONS AND ANSWERS SUBMITTED FOR THE
RECORD**

MARCH 25, 2004

QUESTIONS SUBMITTED BY MR. HEFLEY

Mr. HEFLEY. The final selection criteria were published on February 12, 2004. They were identical to the draft criteria, but included responses to the comments and concerns directed to the Department.

- Please explain the significance of DOD's responses to public comment. Are such responses binding commitments?
- Please explain why DOD chose to respond to comments in the manner it did, rather than amending the criteria to incorporate various concerns

Secretary DUBois. Yes. The responses to comments set out in the Federal Register Notice of February 12, 2004, are commitments that the substantive comments will be addressed within the BRAC 2005 process.

The selection criteria were designed to be broad enough to accommodate the diversity of missions and functions existing across the entire DOD. Most of the comments recommended changes that would narrow the criteria, limiting their usefulness. The criteria already respond to the extensive statutory direction from Congress regarding what the criteria should address and include. Many of the comments received merely extolled the virtues of a particular base. Each addressed an approach to criteria already implicitly or explicitly covered by the published draft criteria and therefore could be handled through implementing direction. Our Federal Register notice represents an explanation of how we treated these comments—it is also a commitment that the substantive comments will be addressed within the BRAC 2005 process.

Mr. HEFLEY. The services are in the process of making several significant force structure changes, including implementation of the global posture review, Army transformation, and increased or changed force structures.

- Please describe how ongoing force structure changes would likely affect infrastructure requirements. Will you or the military services provide such information to the cross-service team to aid them in their analyses?
- For BRAC planning purposes, what long-term changes do you envision in end-strength requirements for each of the services, particularly for the Army, where the Secretary of Defense has authorized a temporary increase of 30,000 spaces?
- Is it reasonable to expect that the Army will be able to field its planned increase in brigade combat teams without a permanent increase in end-strength (which would have significant effects on the facilities requirements of the service)?
- How are efforts to rebalance the military forces between active and reserve components—affecting combat and combat support units—likely to affect infrastructure requirements? Will you or the military service be providing such assessments to the cross-service teams to aid them in their analyses?

Secretary DUBois. The Department's 20-year force structure plan and its final selection criteria will be used to make BRAC recommendations. The final selection criteria, in which military value is the primary consideration, and force structure plan, have been issued to the Services and BRAC Joint Cross-Service Groups to compare existing and future infrastructure capacity to existing and future force structure requirements. In addition, our Integrated Global Presence and Basing Strategy (IGPBS) study, which may recommend the return of selected units to the United States, will inform our BRAC analysis. Returning units will be based through our BRAC process. Accordingly, our BRAC recommendations will impact future infrastructure requirements including those resulting from proposed changes in our IGPBS study.

Our 20-year force structure plan reflects DOD's permanent end strength levels as submitted with our FY05 budget. The BRAC statute allows the Secretary of Defense to submit a revised 20-year force structure plan, if necessary, coincident with the submission of the FY06 budget. However, the Secretary of Defense does not foresee the need for permanent increases in the Department's end strength, so it is unlikely that our BRAC recommendations will include permanent infrastructure change proposals based on temporary end strength authorizations.

The Army's Modular Force initiative will be formed within Army's projected permanent end strength. The Army's temporary increase in operating strength provides sufficient headroom to accelerate the Army's modularization while it remains fully engaged in worldwide operations.

Our Joint Cross Service Teams and Services are evaluating opportunities to realign, consolidate or relocate Active and Reserve functions. As part of that analysis, our analysis teams consider ongoing rebalancing initiatives.

Mr. HEFLEY. BRAC legislation provides a number of authorities for disposal of property ranging from no-cost transfers to public sales.

- Is there a DOD-wide goal for timelines for disposal of BRAC 2005 property? If so, what is it?
- What are the most significant obstacles to rapid disposal and reuse of property?
- Does DOD plan to issue Service-wide guidance for how property disposal efforts are handled?
- Current law permits DOD to collect market value for interagency transfers. Does DOD intend to use this authority after the 2005 BRAC round?

Secretary DUBOIS. Our overall goal remains to dispose of surplus property in a faster and more efficient manner. The exact timelines for disposal actions resulting from BRAC 2005 will be relative to the specific BRAC recommendation. Disposal is contingent upon many factors, including construction at receiving facilities, environmental characterizations and transfer sign-offs, etc. The Department is presently conducting a review of best practices and lessons learned from the previous BRAC rounds that will assist us with establishing BRAC disposal goals. On the basis of this joint effort, which includes the Military Services and OSD, specific policy will be crafted and incorporated into an update of the Base Reuse Implementation Manual.

As noted in a recent GAO report, environmental issues account for a considerable amount of the impediments to date. Conflict between state and federal clean-up standards, site characterizations, and funding for restoration are among the environmental impediments we are addressing.

Under its delegated authorities, the Department, through the Military Services, intends to conduct interagency transfers in a manner consistent with the Federal Property Management Regulations. These regulations prescribe the requirements for such transfers, including reimbursement of the property's estimated fair market value as well as procedures for waiving this reimbursement.

Mr. HEFLEY. On March 17, 2004, the Tactical Air and Land Forces Subcommittee heard testimony from GAO on the need for improved strategic planning for DOD's unmanned aerial vehicle (UAV) efforts. The GAO testified that DOD's approach to planning for developing and fielding UAVs does not provide reasonable assurance that its investment in UAVs will facilitate their integration into the force structure efficiently. What are we to make of that finding in terms of the impact of UAVs on the Department's long-range force structure plan, and the usefulness of current structure plans in informing and guiding the BRAC process?

Secretary DUBOIS. As the UAV requirements are refined and necessary funding included in outyear programming, the force structure will reflect these changes. Should modifications to the force structure plan be necessary the Secretary will submit an updated force structure plan with the FY 2006 budget materials.

Mr. HEFLEY. The Department is making much of its efforts to emphasize jointness in undertaking the 2005 BRAC round. Sometimes, what is espoused as joint may be little more than collocation of forces and activities of multiple Services without any real reductions and savings in duplicate functions and overhead.

• To what extent will the Department be emphasizing jointness in the form of consolidations rather than simply collocation of forces and activities of multiple Services in BRAC 2005?

• To what extent is the Department examining issues such as differences in standards for facilities across the Services, and changes that would be needed in areas such as funding to foster creation and acceptance of truly joint activities?

Secretary DUBOIS. The Department intends to emphasize "jointness" to a large extent. Increasing joint utilization is an important goal and the joint groups responsible for the analysis of common business oriented functions and the Military Departments responsible for operational functions that are subject to their review are working to increase joint initiatives. The BRAC leadership structure, which is joint at every level, provides important leverage to achieve this potential.

The Department is examining a variety of issues that would foster creation and acceptance of truly joint activities—differences in standards for facilities is a good example. While the Services are moving toward a common means for condition cod-

ing their facilities in accordance with our Installations Readiness Report guidance, complete uniformity has not yet been achieved. As the Department proceeds in its analytical efforts, such differences surface and become a springboard for improving our management routines in the future, particularly from a joint perspective.

Mr. HEFLEY. The cost of base realignment actions (COBRA) is the cost model DOD uses to help calculate cost and savings from proposed BRAC closures and realignments.

- What confidence can we have that this model produces accurate results?
- Has the model been validated? If so, by whom?
- To what extent does this model use the most current and reliable data for individual cost elements?

Secretary DUBoIS. The Department has high confidence in COBRA outputs. It has served well in the previous four rounds, and the GAO shares the Department's view that it provides reasonable costs and savings estimates.

In previous rounds, the IG validated the model algorithms and the GAO conducted a subsequent review of the model's capability, indicating that "COBRA data depict costs as accurately as possible; however, when uncertainty exists, COBRA inputs have tended to overstate costs and understate savings as a conservative safeguard to guide decision making." (Analysis of DOD's 1995 Process and Recommendations for Closure and Realignment. April 1995).

The Department is improving COBRA for BRAC 2005 to address issues of uniformity and is in the process of collecting and validating the most current and reliable data for the model's individual cost elements.

Mr. HEFLEY. GAO has been very critical of the Department's efforts to improve and periodically update its estimates of BRAC costs and savings once BRAC decisions have been finalized. The GAO also notes specific actions the Department has previously indicated it planned to take including the development of a questionnaire that each base affected by future BRAC rounds would complete annually during the six-year implementation period.

- What has the Department done to develop mechanisms to track and periodically update costs and savings estimates that would be used for the 2005 BRAC round?
- How can we be sure that the Department and the individual military Services take seriously the need to make improvements in this area and that follow-through will be sufficient to accomplish the task?

Secretary DUBoIS. The Department intends to have in place for BRAC 2005 a defense-wide systematic approach for periodic updating of initial savings estimates and an oversight mechanism to ensure compliance. That mechanism should be in place before those updates would be required in 2006 and will directly involve the OSD staff and the Services.

Mr. HEFLEY. BRAC law requires GAO to review a number of DOD documents and efforts throughout the BRAC process, including the force structure plan and BRAC recommendations. What does GAO view as an appropriate oversight role, with regard to individual DOD closure and realignment recommendations, during the BRAC process? Is DOD providing GAO with sufficient access to meet its oversight requirements?

Mr. HOLMAN. As you know, the legislation authorizing a BRAC round in 2005 also extended a legislative requirement from the prior BRAC rounds for GAO to review the Secretary of Defense's selection process and recommendations within a relatively short period of time after the Secretary's recommendations are publicly announced.¹ To make informed and timely assessments of the BRAC process, we have consistently attempted to operate in a real-time setting and have had access to significant portions of the process permitting us to monitor it as it evolved, giving us valuable insights into the integrity of the process. We believe that is an appropriate oversight role for GAO. In fulfilling this oversight role, we seek sufficient access to the ongoing BRAC process to help us determine to what extent DOD, its components, and cross-service analytical groups² are following a well documented, clear, consistent, and transparent process in keeping with the parameters of the department's selection criteria and force structure requirements. The degree of access we have had to the ongoing process for the 2005 BRAC round has been generally good and helpful toward fulfilling our oversight role, but it is an issue on which we continually work with various Defense components as we seek consistent access across

¹ USC Section 2687, Note Section 2914 (d)(6)

² DOD has established seven joint cross-service groups to examine the following Defense functional support areas—industrial, technical, medical, headquarters and support activities, supply and storage, education and training, and intelligence—during the 2005 BRAC process.

the military services and cross-service groups. Timely access to data will be essential to our staying abreast of the process as it moves toward completion and being able to render a timely and objective assessment of the results of the process. Our written report on the BRAC process will highlight for each Defense component the degree of access we were provided and the impact of any limitations on our analyses.

Mr. HEFLEY. What observations do you have at this point on DOD's BRAC certification, force structure plan, and its impact on infrastructure requirements in the BRAC process?

Mr. HOLMAN. Our May 2004 assessment of various BRAC issues that DOD was required to address in a report to the Congress earlier in 2004, in preparation for the 2005 BRAC round, found no basis to question DOD's certification of the need for an additional BRAC round.³ We noted the macro-level focus of the unclassified force structure plan extending through fiscal year 2009 the department put forth to guide the 2005 BRAC round, and that it reflected limited changes across the military services, even though the services have initiatives under way that could affect future force structure and infrastructure requirements. We concluded that the department must consider ongoing force transformation initiatives in its ongoing BRAC analyses, as well as factor in relevant assumptions about the potential for future force structure changes—changes that likely will occur long after the timeframes for the 2005 BRAC round. We noted that assuring Congress and the public that this analysis has been done and that appropriate allowances for future force structure changes have been incorporated into the process will be key to building public confidence in the soundness of 2005 closure and realignment recommendations. Likewise, while we didn't see much discussion in the department's report concerning how changes in force structure could affect infrastructure requirements, we would certainly expect to see such an analysis undertaken within the BRAC process. We have recommended to the department that it include a full discussion of these issues in its report accompanying its BRAC recommendations in 2005.

Mr. HEFLEY. GAO sent a number of comments to DOD on the proposed selection criteria, including concerns that the criteria do not address total costs to the federal government. However, none of these comments were incorporated into the final BRAC criteria. Is GAO satisfied by DOD's response to your comments?

Mr. HOLMAN. Our January 27, 2004, letter to DOD addressed two areas where we believed the draft selection criteria might need greater clarification to fully address the special considerations called for in the 2002 legislation. First, we noted that the criterion related to cost and savings did not indicate the department's intention to consider potential costs to other DOD activities or federal agencies that may be affected by proposed closure or realignment recommendation. The second point we raised involved environmental costs. The 2002 legislation required DOD to give special consideration to the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities. DOD had incorporated this language into criterion #8. We had a concern that this might leave unclear to the public and the Congress the extent to which environmental restoration costs would be considered under criterion #5, related to potential costs and savings. We suggested that DOD should clarify, either in its final criteria or in explanatory guidance, its plans for complying with this new legislative requirement. DOD, in its notice of final selection criteria, published in the Federal Register on February 12, 2004, indicated that it would issue separate guidance clarifying these issues. Providing supplemental guidance could satisfy the issues we raised; however, DOD has not yet issued such guidance.

Mr. HEFLEY. Is GAO satisfied by DOD's response to other public comments? Is GAO prepared to assess, during the BRAC process, whether or not DOD takes into account the responses to comments made in the Federal Register? Recognizing the significant issues raised by those commenting on DOD's draft selection criteria, what impact might DOD's failure to make any changes in that criteria have on its analysis and proposed closures and realignments?

Mr. HOLMAN. We reviewed the public comments provided to DOD on its draft criteria, as well as DOD's response to those comments published in the *Federal Register*. As noted in our May 2004 report, most of the comments involved the military value criteria and centered on the maintenance of adequate surge capacity; the roles that military installations fulfill in homeland defense missions; the unique features of research, development, test, and evaluation facilities; and the preservation of vital human capital in various support functions. In responding to those comments,

³ See U.S. General Accounting Office, *Military Base Closures: Assessment of DOD's 2004 Report on the Need for a Base Realignment and Closure Round*, GAO-04-760 (Washington D.C.: May 17, 2004).

DOD expressed the view that the draft criteria adequately addressed these issues, and it did not see the need to make any changes to its draft criteria. For example, DOD said that surge requirements will be addressed under criterion #1, which requires the department to consider "current and future mission capabilities," and criterion #3, which requires DOD to consider an installation's ability to "accommodate contingency, mobilization, and future total force requirements" to support operations and training. Furthermore, DOD noted that the National Defense Authorization Act for Fiscal Year 2004 requires the Secretary to "assess the probable threats to national security" and determine "potential, prudent surge requirements" as part of BRAC 2005. DOD also noted that criterion #2 recognizes the role of military installations as staging areas for forces conducting homeland defense missions.

Although modifications to the draft criteria might have been made to more clearly address some of these concerns, such as those pertaining to support functions, the absence of such changes does not necessarily mean that these issues will not be considered in applying the final criteria during the BRAC process. For example, with the department having established a variety of joint cross-service groups to analyze various support functions during the upcoming round, each group will have to adapt the final criteria for its particular support area to assess military value related to each functional area. Although our monitoring of the ongoing BRAC process indicates that this is occurring, the effectiveness of these efforts will best be assessed as these groups complete their work. We will continue to watch these issues as the process goes forward.

Mr. HEFLEY. GAO has validated statements that DOD has saved significant amounts by closing bases, but has been unable to validate the exact amounts. GAO reports have repeatedly stated the conclusion that prior BRAC rounds are yielding substantial savings despite the lack of precision in DOD's estimates. Please tell us the basis for your conclusion in this area.

Mr. HOLMAN. We look at BRAC savings or cost avoidances from multiple vantage points. First, conceptually; if a base closes, and even assuming that base functions are relocated elsewhere, you may be able to close or realign a base resulting in less capacity, or less square footage or square yards of space to maintain. Less property to be maintained results in reductions in funding required for maintenance and repair of facilities. Second, to the extent that you move and consolidate functions elsewhere, you produce savings in overhead costs. Examples of reductions associated with these factors have been documented in various audit efforts that we and others have conducted over time. For example, we completed an audit report in 1996 that examined Future Years Defense Program (FYDP) trend data and other budget documents that showed planned program funding reductions based on BRAC, and we correlated those data with actual spending reductions planned at 9 BRAC bases.⁴ An Army Audit Agency report in 1997 reported on the results of examining implementation plans for 10 1995 BRAC bases and found substantial savings though about 16 percent less than shown in the implementation plans of major commands⁵. The Army's savings estimates were adjusted based on those findings. A DOD Inspector General report in 1998, based on a study of more than 70 BRAC actions, found that savings were greater than anticipated.⁶ The savings were attributed to reduced one-time implementation costs, canceled military construction projects, and lower overhead costs than anticipated at receiving locations.

At the same time, we had also previously reported in 1997 that inherent limitations in DOD's accounting systems, as well as the nature of the BRAC process, precluded capturing all potential savings or cost avoidances from BRAC actions.⁷ For example, we noted at that time that DOD's facilities were about 44 years old, on average, and must be replaced or revitalized at some point. We noted that prior BRAC round analyses captured only short-term recapitalization costs that were programmed in the services' budgets, and that estimates for the repair and maintenance of facilities used in those analyses were based on average expenditures. We further noted that it was likely that those estimates underestimated potential future costs, since DOD had significantly reduced its spending for the repair and maintenance of its facilities over a period of years. Thus, we concluded that base closures can also be viewed as representing the avoidance of potentially significant

⁴ See U.S. General Accounting Office, *Military Bases: Closure and Realignment Savings Are Significant, but Not Easily Quantified*, GAO/NSIAD-96-67 (Washington D.C.: April 8, 1996).

⁵ See U.S. Army Audit Agency, *Base Realignment and Closure 1995 Savings Estimates*, Audit Report AA97-225 (Washington, D.C.: July 31, 1997).

⁶ See Department of Defense, Office of the Inspector General, *Audit Report: Cost and Savings for 1993 Defense Realignments and Closures*, Report No. 98-130 (Washington, D.C.: May 6, 1998).

⁷ See U.S. General Accounting Office, *Military Bases: Lessons Learned from Prior Base Closure Rounds*, GAO/NSIAD-97-151 (Washington, D.C.: July 25, 1997).

costs that otherwise would be associated with facilities' revitalization at some point in the future.

Mr. HEFLEY. GAO's statement talks about various factors making it difficult to project at this point the savings that are likely to result from a 2005 BRAC round, and how soon net savings would be-realized. Could you elaborate on those and tell us if there are others we need to be mindful of?

Mr. HOLMAN. As noted in our May 2004 report, DOD's financial data would suggest that, assuming conditions similar to those of the 1993 and 1995 rounds, net annual savings for each of the military departments for the 2005 round could be achieved by 2011. We also noted that the Secretary's estimate of \$3 billion to \$5 billion in net annual savings by 2011 was based in part on savings achieved from the 1993 and 1995 BRAC rounds. The lower estimate assumes that the actions in the 2005 round would reduce infrastructure by about 12 percent, comparable to the reduction that occurred in the 1993 and 1995 rounds combined. The higher estimate assumes that infrastructure would be reduced by 20 percent, which is about 67 percent higher than the previous two rounds combined.

While we believe that the potential exists for significant savings to result from the 2005 BRAC round, it is difficult to conclusively project the expected magnitude of the savings because there simply are too many unknowns, such as the specific timing of individual closure or realignment actions and the extent to which DOD's efforts to maximize joint utilization and advance its transformation efforts would impact savings. To what extent forces that are currently based overseas may be redeployed to the United States-as the result of an ongoing review of overseas basing-and what effect that redeployment may have on BRAC and subsequent savings remain unknown as well. In a 1998 report, we pointed out that in projecting savings, DOD had not considered all costs associated with BRAC implementation, such as non-DOD costs, or the extent of environmental restoration and other costs that would be incurred beyond the 6-year implementation period provided for implementing BRAC decisions.⁸ We also noted that in previous BRAC rounds, the military services often chose to close or realign bases that were relatively less expensive to close and required shorter time periods in order for savings to offset the closure and realignment costs. Therefore, costs for future closures may be higher than the average cost of previous rounds.

Mr. HEFLEY. GAO's statement talks about the need for DOD to develop processes to enhance its ability to project savings from BRAC decisions and to ensure those estimates are updated on a periodic basis during the implementation period. What can Congress do to ensure those processes are developed? Would a legislative requirement for DOD to do so be helpful? Does GAO believe that DOD has implemented the necessary reforms to ensure that future savings and costs of BRAC are properly measured?

Mr. HOLMAN. Our May 2004 report on BRAC issues noted that despite having previously agreed that improvements can and should be made to the accounting for and periodic updating of BRAC savings, DOD has not made sufficient efforts to address this issue. We said that DOD needs to provide assurance that it has plans in place for improvements in this area before it begins implementing any closure and realignment decisions from the upcoming BRAC round. To ensure that the Department of Defense and the military services improve their tracking and updating of BRAC savings estimates associated with implementing closure and realignment decisions for the upcoming BRAC round, we said that the Congress may want to consider requiring DOD and the military services to provide certification that actions have been taken to implement previously planned improvements for tracking and updating its BRAC savings estimates and that this certification should be submitted with the department's fiscal year 2006 budget request documentation.

Mr. HEFLEY. Can GAO comment on the validity of DOD's Cost Of Base Realignment Actions (COBRA) model in the 1995 BRAC round? The 2005 round? What changes have you seen DOD make to this model?

Mr. HOLMAN. Our review of the 1995 BRAC round noted that the COBRA model has been used in the base closure process since 1988, and in the intervening years was revised to deal with problems that we and others identified after each BRAC round.⁹ We noted in 1995 that two of the more significant actions affecting BRAC 1995 were the validation of the COBRA model by the Army Audit Agency and a greater emphasis on using standardized cost factors. Refinements to the model his-

⁸ See U.S. General Accounting Office *Military Bases: Review of DOD's 1998 Report on Base Realignment and Closure*, GAO/NSIAD-99-17 (Washington, D.C.: November 13, 1998).

⁹ See U.S. General Accounting Office, *Military Bases Analysis of DOD's 1995 Process and Recommendations for Closure and Realignment*, GAO/NSIAD-95-133 (Washington, D.C.: April 14, 1995).

torically have been initiated and controlled by a COBRA Joint Process Action Team (JPAT)—as is true of current efforts to update the model for the 2005 BRAC round. The JPAT is comprised of representatives from user organizations, including OSD. Representatives of GAO, DOD IG, and the Army Audit Agency are observers to meetings of the JPAT. We will be reporting on recent efforts to update the model in our mandated report on the 2005 BRAC round next year.

In the interim, given the earlier question dealing with efforts to update savings estimates as BRAC decisions are implemented, it is probably important to distinguish between use of the COBRA model for evaluating alternative closure and realignment scenarios and use of other efforts to produce more refined cost and budget for implementing BRAC decisions. Differences between COBRA and budget quality data used in implementing BRAC decisions include the following. First, COBRA estimates, particularly those based on standard cost factors, are averages, which were later refined for budget purposes. Further, COBRA costs have been expressed in constant-year dollars; budgets were expressed in then-year (inflated) dollars. Also, COBRA savings estimates reflected the potential closing of a single location and could include broader, DOD-wide costs and savings, recognizing the-various DOD-wide impacts of closing installations, such as the costs and savings of multiple tenants. Additionally, COBRA estimates historically did not include the cost of environmental restoration, in keeping with DOD's long-standing policy of not considering such costs in its BRAC decisionmaking, whereas BRAC budget estimates did.¹⁰

Mr. HEFLEY. How reliable is DOD's figure of total percentage of excess capacity, given the diverse metrics you indicate DOD is using to develop an assessment of excess capacity?

Mr. HOLMAN. As noted in our May report, while DOD's analysis of its infrastructure capacity for its March 23, 2004, report to the Congress gives some indication of excess capacity across certain functional areas through fiscal year 2009, the methodology for that analysis (completed separately from the official BRAC process) had some limitations that could cause the results to be either overstated or understated, and that raises questions about use of the methodology to project a total amount of excess capacity across DOD. We noted that the variety of metrics and the differences across the military services in employing them made it difficult to be precise when trying to project a total amount of excess capacity across DOD. Moreover, in completing this analysis, the military services assessed their bases as though they were being used for a single function, and did not consider existing or the potential for increased multi-functional/joint use that is expected to be considered in the 2005 BRAC round—and that provides the potential for better identifying excess capacity. A more complete and reliable assessment of capacity identifying excess capacity. A more complete and reliable assessment of capacity and the potential to reduce it must await the results of ongoing BRAC analyses.

Mr. HEFLEY. GAO's prior work has noted that leadership at the top is critical to an effective BRAC round, particularly as it relates to looking at functions on a joint basis. To what extent has the department heeded GAO's observations in this area for the upcoming BRAC round?

Mr. HOLMAN. At this point we are seeing a high level of senior leadership and attention being devoted to the BRAC process—much greater than we saw in 1995. The department has established two senior level groups to oversee the 2005 BRAC process. The first is the Infrastructure Executive Council (IEC), chaired by the Deputy Secretary of Defense, with membership including the Chairman of the Joint Chiefs of Staff; the Military Department Secretaries and Service Chiefs; and the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD AT&L). The second is the Infrastructure Steering Group (ISG) chaired by the USD (AT&L), with membership including the Vice Chairman of the Joint Chiefs of Staff; Military Department Assistant Secretaries for Installations and Environment, and Service Vice Chiefs. This latter group has been especially active in providing oversight and guidance related to the BRAC analytical process. Additionally, the department has sought to give greater responsibility to its seven cross-service teams, comprised of senior level executives and/or general officers. As with other areas of the BRAC process, the effectiveness of this high-level focus will best be assessed as the process evolves.

¹⁰This policy has been based on the fact DOD is obligated to restore contaminated sites on military bases regardless of whether they are closed. While such costs are not included in COBRA, they are included in developing BRAC implementation budgets; such costs were funded from the BRAC account established to fund implementation of BRAC decisions.

QUESTIONS SUBMITTED BY MR. MCKEON

Mr. MCKEON. As the Department of Defense proceeds with the BRAC 2005 process, there are parallel transformational changes occurring in each Service as well as in the joint arena. Joint national training capability is a high priority and areas, such as the Western Range Complex, will require increased support activities. Is there a consideration for the necessity of preserving infrastructure and support activities in areas such as the Western Range Complex? Would you consider it prudent to maintain current infrastructure until infrastructure necessary to support activities becomes evident?

Secretary DUBOIS. The Secretary of Defense is undertaking a comprehensive review of basing and training requirements. This ongoing internal deliberative review will identify requirements and capabilities that best meet the Department's current and projected needs. If changes are required, the Department will identify them within the BRAC 2005 process and reflect them in subsequent recommendations.

As you may recall the Department demonstrated, during execution of prior BRAC rounds, that it has retained sufficient, difficult-to-reconstitute assets, to support all forces including those currently based outside the United States. We expect to take a similar approach in BRAC 2005.

QUESTIONS SUBMITTED BY MR. EVANS

Mr. EVANS. I noticed in the force structure plan to Congress that there is a 43% over capacity for Army industrial facilities.

This month, we are nearing completion of a few thousand armored door kits for Humvees at our organic industrial facilities. If we were to eliminate what you consider an excess capacity, then how would we complete an urgent mission to protect our soldiers like this? The private sector industrial base does not have this surge capability and I believe you may be interpreting a surge capability as excess capacity which would be a serious miscalculation in a time of war.

Please comment on this.

Secretary DUBOIS. Section 2464 of title 10 United States Code charges the Department of Defense with maintaining a core logistics capability that will ensure effective and timely response to mobilizations and national defense contingency situations to enable the Armed Forces to fulfill the strategic and contingency plans of the Joint Chiefs of Staff. The Department takes this responsibility seriously, and, through its core capability determination process, ensures that there will be sufficient Government-owned, Government-operated industrial capability to meet surge and mobilization requirements.

QUESTIONS SUBMITTED BY MR. TAYLOR

Mr. TAYLOR. Section 726 of the statement of managers accompanying the conference report on HR 1588 (H. Rept. 108-354) contained a provision requiring the Secretary of Defense to establish, not later than December 31, 2003, "a working group on the provision of military health care to persons who rely for health care on health care facilities located at military installations."

Has this group been established? If not, why not.

Secretary DUBOIS. The Assistant Secretary of Defense for Health Affairs established the working group on December 31, 2003. The group consists of representatives from the TRICARE Management Activity, each of the three Services and regional representatives nominated by the Military Coalition and Military Alliance. A senior representative from OASD(HA) chairs the group.

Mr. HOLMAN. As we understand it, the members of the designated Beneficiary Working Group will include as a minimum, (1) a designee of the Assistant Secretary of Defense for Health Affairs (ASD/HA); (2) a designee of the Surgeon General of the Army; (3) a designee of the Surgeon General of the Navy; (4) a designee of the Surgeon General of the Air Force; and (5) at least one independent member (appointed by the Secretary of Defense) from each TRICARE region, but not to exceed 12 members, whose experience in matters within the responsibility of the working group qualify that person to represent DOD beneficiaries. In developing the recommendations for the 2005 BRAC round, the Secretary of Defense is required to consult with the working group and the working group is to be available to provide assistance to the Defense Base Closure and Realignment Commission. In the case of each installation realignment or closure affecting DOD beneficiaries' access to health care services, the working group is to provide the Secretary of Defense a plan for the provision of health care services to such persons. Officials in ASD/HA said

that most of the working group's efforts will be dedicated to assisting the 2005 BRAC Commission with mitigation strategies and to organizing town hall meetings in communities affected by base closures or realignments.

Based on information provided to us, DOD is still in the process of selecting members for the Beneficiary Working Group. DOD has appointed members from ASD/HA and the military services, but OSD/HA did not contact entities outside the U.S. government for nominees until April 2, 2004. Officials in ASD/HA told us that they have coordinated with the Military Coalition, Inc., and the National Military Veterans Alliance to nominate the 12 independent members; all but 1 have been nominated. Nonetheless, delays in nominations occurred because these entities did not provide a complete roster of nominees by the requested date of May 31, 2004, and one nominee did not meet a qualification. Officials in ASD/HA expect to confirm the independent members by July 16, 2004, and to conduct their first meeting with the Beneficiary Working Group in August 2004.

QUESTIONS SUBMITTED BY MR. CALVERT

Mr. CALVERT. In the report on force structure released earlier this week, your analysis indicated that the Department of the Navy had no excess capacity in the category termed test and evaluation labs, through fiscal year 2009. The Department of the Army had 62% excess capacity and the Department of the Air Force had 18% excess capacity. In an effort to try to interpret what this means to all of these labs in each Department, are labs which are in a Department that has no or little excess capacity safe from realignments or closing, and conversely, should labs with higher levels of excess capacity such as the Army labs realistically expect to be realigned or closed?

Secretary DUBoIS. The mere fact that some military departments do not report any excess capacity in a selected mission area, while others report varying degrees of excess capacity within that same mission area, cannot be directly correlated to potential BRAC actions. As stated in our March 2004 report, only a comprehensive BRAC analysis can determine the exact nature or location of potential excess. In support mission areas such as test and evaluation, Joint Cross-Service Groups are assessing overall requirements and infrastructure capacity, and attempting to identify organizational and facility options that can most efficiently and effectively support both near-term and future requirements.

Realignment and closure recommendations will be developed based on a thorough analytical process that uses certified data, applies the BRAC selection criteria, and reflects the operational, training, and support requirements of the force structure.

Mr. CALVERT. (Questions pertaining to Los Angeles Air Force Base, also known as the Space and Missile Systems Command at Los Angeles)

- In any move of a major technical or engineering firm, particularly in the aerospace industry, isn't it a fact that, notwithstanding the prevalence of inducements to encourage senior technical people to move to a new, often less hospitable location, significant percentages, oftentimes exceeding 30% of the senior workforce, refuse to move?

- In such a major entity were a prime Defense Department contractor don't you agree that, with junior less experienced personnel, the risk of a Defense Department contract suffering delays is quite likely? That cost over-runs are quite likely? That, as a result of less experienced personnel now in charge of project deliverables, a DOD product from such a contractor would be less reliable?

- If such a product is delivered, isn't DOD's mission harmed by such a unilateral move creating such upheaval within an industry segment?

Secretary DUBoIS. BRAC actions inevitably cause some degree of personnel turbulence. However, the Department has successfully implemented the prior four rounds of BRAC and some of the actions from these rounds involved technical functions with highly skilled workforces. The implementation of prior BRAC recommendations has not caused the problems mentioned in your question because the recommendations were carefully selected and the implementation was thoroughly planned. The BRAC 2005 process is being managed in the same manner.

Mr. CALVERT. (Questions pertaining to Point Mugu/Port Hueneme operations)

- Do you agree that military training and operating areas with unfettered access via ingress and egress routes are invaluable and worth careful shepherding by the Defense Department?

- Do you concur that, if such an area were collocated with a well-proven, reliable, embedded technologies, the synergies of the operating and RDT&E areas are mutually enhanced and would be of high value to DOD now and into the future?

- Wouldn't you agree that minor modifications to any one portion of an air route into or out of a training area, particularly if such modification increases the realism of low level adversary aviation training, are worth making to preserve the highest operational training possible? (R-2508 operating area access)
- Do you concur that collocated bases and missions increase the efficiencies and create additional capacities for training now and into the future?

Secretary DUBOIS. The Department agrees that training and operating area accessibility is important. The Department will continue to stress this attribute when appropriate. Additionally, the Department will continue to maximize the utilization of all available special use areas (e.g., training areas, Test and Evaluation areas). These considerations are part of the process of identifying realignment and closure recommendations that will be developed based on a thorough analytical process that uses certified data, applies the BRAC selection criteria, and reflects all requirements of the force structure.

Mr. CALVERT. (Questions pertaining to Fort Irwin National Training Center and all California operating and training areas)

- Did you know that California has 17 of the world's 18 known climates, ranging from high and low desert to mountainous and cold weather climates, including high humidity amphibious, littoral and cold/deep water environments for operational training, testing and evaluation?
- Isn't it a necessity that the armed forces of the future will have to train as they will have to fight - in climates not of their choosing but of some of the world's most inhospitable arid areas?
- Isn't it true that future American forces will have to respond quickly and nimbly, thus making similar climactic and geographic training all the more important now and into the future?
- Aren't most known or estimated worldwide hotspots, where American armed presence is expected to be used, in desert and mountainous regions of the world?

• Don't you agree that specific training sites throughout California, such as San Clemente Island, the Fort Irwin National Training Center, Camp Pendleton for amphibious training, the Joint National Training Center at 29 Palms, and the miscellaneous interrelated training and RDT&E facilities at Naval Station Ventura County provide some of the most realistic, cost effective, easily accessible training in the entire United States?

Secretary DUBOIS. California has provided various training and operational opportunities in the past that have benefited the Department. Current and future use of training and operational areas as well as the restrictions/impacts on these activities will be considered as part of the process of identifying realignment and closure recommendations. The Department will conduct a thorough analytical process using certified data, applying the BRAC selection criteria, and the requirements of the force structure. The BRAC 2005 process will ensure that sufficient infrastructure is retained to fulfill the Department's required capabilities.

Mr. CALVERT. (Questions pertaining to homeland security and the possible changed missions of the guard and reserve)

- Do you agree that coastal states with international borders and major international ports have a higher risk of attacks on homeland?
- Don't you agree that such states should be hardened against such attacks through the judicious placement of active and reserve components with the responsibility for responding to such attacks on a regional basis, thus requiring the expansion of such co-located bases, training areas, and RDT&E sites in those states?

Secretary DUBOIS. The BRAC 2005 military value selection criteria take account of the Department's established homeland defense missions. The BRAC process considers current and projected defense missions, and ensures that the required infrastructure is available to support these missions.

QUESTIONS SUBMITTED BY MR. ROGERS

Mr. ROGERS. The operations in Iraq and Afghanistan are causing terrible wear and tear on Army ground and air equipment. The Army learned about delayed desert damage after the first Gulf war, but we hear that your plans are to do only minor refurbishment known as 10/20 standards. Wouldn't putting this worn out equipment through depot level maintenance be more prudent, given the lessons learned in the first Gulf war?

Can you provide an accounting of the actual work done with all funds appropriated for Iraq war refit of Army equipment?

Secretary DUBois. The Army is taking positive steps to ensure that its equipment is fully reconstituted following service in Iraq and Afghanistan, to include eliminating the effects of delayed desert damage. Each of their Centers of Industrial and Technical Excellence has teams in theater performing technical evaluations of equipment condition. These technical evaluations include lessons learned from the first Gulf war. Equipment is "triaged" based on the results of these evaluations, and, when warranted, returned to CONUS for full depot overhaul, or sent to one of the numerous ground, aviation, and communications/electronics sustainment programs already established in theater. The quantity of equipment being returned to our depots for reconstitution is significant: To accommodate this workload, our CONUS depots have added second and third shifts, added additional production lines, increased overtime, hired government and contract employees, expanded contract hours, and implemented process improvements.

In FY04 the Army received \$1.2B Emergency Supplemental funding for depot level RESET in addition to the peacetime budget for depot maintenance. The Army also received \$3B in FY04 for below depot maintenance resulting from the operations in Iraq and Afghanistan. Included in these funds is \$1B for Aircraft Special Technical inspection and Repair (STIR). These supplemental funds are paying for the reconstitution of 977 aircraft, 5,600 tracked vehicles, 45,000 wheeled vehicles, over 100,000 small arms, and numerous other weapons and equipment.

The FY05 requirement is still being assessed. We expect that it will be consistent with our FY04 program.

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